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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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29 October 1985

EAST EUROPE REPORT

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CZECHOSLOVAKIA

DAILY REVIEWS PROBLEMS ON CEMA AGENDA

AU271053 Bratislava PRAVDA in Slovak 26 Sep 85 p 6

[Boris Latta commentary in the "Economic Topic" column: "Increased Attention to Direct Relations"]

[Text] The 116th session of the CEMA Executive Committee is being held in Moscow on 24-26 September. The agenda of its deliberations contains several topical issues of the CEMA member-countries' economic cooperation, research and development. At the same time the emphasis is primarily placed on problems of establishing and developing direct relations, especially as regards production cooperation. Since the economic summit conference of CEMA member-countries, the appropriate agencies, but also individual CEMA member-countries, have been increasingly devoting their attention to these problems, because they concern the principle means of cooperation among the interested parties, above all on the level of khozraschet (cost accounting system).

In our country, in Czechoslovakia, the interested parties are directing their attention to increasing cooperation between individual production organizations of the CEMA countries. Objectively, we have here one of the largest untapped potentials for the further development of socialist economic integration. In this connection it was stressed, time and again, that direct relations must be understood comprehensively. In fact, they include not only the exchange of experience and data, but also the preparation and realization of proposals within the frame-work of plan coordination and long term agreements and contracts on deliveries; cooperation in the sphere of research and development, in design production specialization and cooperation, as well as the joint use of facilities, or coordination in the area of investments. As stressed in the data prepared by the Government Committee for Issues of National Economic Management in connection with the 116th Executive Committee Session, the causes of the currently existing shortcomings in the development of direct relations within the CEMA framework must be found not only in the sphere of systems, but also in practical problems. One cannot ignore the process of the gradual reapprochement of the systems of planning and management of individual socialist economies. Specifically, we are concerned with the criteria of efficiency; with the key indexes of the state plan; with pricing policies; the levy system; with rates of interests; conditions for access to foreign currency; and so forth. This produces, for instance, problems connected with a differing understanding of the extent of the independence of organizations, above all in the sphere of

decisionmaking in the capital construction, of the realization of foreign trade activities, and of the position of enterprises within the framework of associations or economic production units. Problems also exist in the mechanism of international cooperation, in the first place with regard to the function and utilization of realistic rates [words indistinct], as well as in the sphere of allocation in foreign trade.

The present deliberations of the CEMA Executive Committee in Moscow are to help clarify approaches and views of the individual CEMA member-countries regarding problems of direct relations. At the same time, they should serve to prepare proposals by the end of this year. The International Institute of Economic Problems of the World Socialist System in Moscow will be dealing with the problems mentioned above in the years 1985-87.

One of the items on the agenda is the draft plan of the CEMA countries' cooperation in setting norms in the years 1986-90. The draft, prepared by the permanent commission for cooperation in setting norms contains 196 problems. They are divided into three groups: The group of problems connected with the prescriptive technical safeguards of priority trends in cooperation; the sphere of production specialization and cooperation which is not included in the priority trends; as well as the group of problems of a generally technical and inter-branch nature.

Czechoslovakia attributes considerable significance to the issue of cooperation in norm-setting. In fact, the norm-setting activity within the CEMA framework covers about 80 percent of our needs, and we prepare only the 20-percent remainder on a national level. In connection with the preparation of the comprehensive program of progress in research and development of CEMA member-countries up to the year [word indistinct] the plan mentioned above will be complemented and updated. The attention of the Executive Committee's session is also being directed toward the problems of metrology within the framework of the socialist community. In fact, the need for a gradual transition to SI units [units of the Systeme International] is becoming increasingly obvious. The approval of the Statute of CEMA Activity in the Sphere of Metrology should contribute to this. The purpose of the adoption and realization is to raise the level of measuring precision, particularly with regard to the results of world progress in research and development. At the same time one can expect that the so-greatly-needed rapprochement of the appropriate national metrology systems will take place.

The problems which have been put on the agenda of the 116th Session of the CEMA Executive Committee require an immediate solution, in the interests of the further development of socialist economic integration. The Moscow deliberations will certainly be a step forward.

CSO: 2400/26

CZECHOSLOVAKIA

ROHLICEK COMMENTS ON CEMA FINAL COMMUNIQUE

LD271406 Bratislava Domestic Service in Slovak 1630 GMT 26 Sep 85

[Text] The 116th CEMA Executive Committee session ended in Moscow today. The final communique stresses that cooperation among enterprises in individual CEMA member countries is being deepened and broadened in many spheres, especially in engineering. In the forthcoming period it is, however, necessary to make it more intensive and better. How will this work in practice? Rudolf Rohlicek, head of our delegation and deputy federal premier, answered this question to Stefan Babiak, our Moscow correspondent.

[Begin recording] [Rohlicek] We want to start, above all, with small steps--and this may even mean making exceptions to the general regulations which have been valid until now in individual member states, and this in turn may influence [the nature of] these rules and regulations in individual countries. We have decided at the same time that on the basis of this work, a relevant document which will lay the foundations for the prerequisites of the faster development of direct relations as until now will be drafted by a committee for cooperation in the sphere of planning. Permanent commissions will direct the work of each sphere and, of course the Committee for Engineering, which is in the most decisive sphere, will also adopt relevant measures aiming to start with those--as I have said--small steps, the development of direct relations among the individual member states.

[Babiak] What will be the importance of developing direct relations for CSSR organizations?

[Rohlicek] I would characterize this in the following way: Above all enterprises which enter into direct contacts, will have the right to agree mutually on prices of both the coordinated and specialized production, of components and spare parts, as they think fit but of course this must correspond to the national economic criteria and the efficiency of the enterprises in question. So in this direction, the agreement on developing direct relations is an important step forward. [end recording]

CSO: 2400/26

CZECHOSLOVAKIA

USSR'S ABALKIN ON ECONOMIC THINKING

AU041204 Bratislava PRAVDA in Slovak 2 Oct 85 p 3

[NOVOSTI interview with Soviet economist Leonid Abalkin, corresponding member of the USSR Academy of Sciences: "How to Change Economic Thinking?"--date and place not given; initial graf is paper's introduction]

[Text] In the Soviet today this task regarded as one of the most important conditions of the fulfillment of the extensive program of the intensification of the national economy and substantial acceleration of scientific-technological progress. For years, and even decades, a certain picture of the economic life of the Soviet land was created, a certain system of economic objectives and priorities, from which social and psychological attitudes, accustomed reactions and stereotypes of behavior came into being.

That, however, does not mean at all that the traditional economic thinking is only prejudice and antiquated notions. In the preceding stages of the country's economic development there came into being many good traditions that have to be appreciated. For example the respect for the state plan and technology.

In the period of the First 5-Year Plan, during the war, and also during the postwar reconstruction of the national economy, people were greatly aware of their duty, they were demanding toward themselves and toward others. However, objective economic processes require that many things be reassessed and be seen in a new light. The prominent Soviet economist Leonid Abalkin, corresponding member of the USSR Academy of Sciences, speaks about this in an interview with the NOVOSTI News Agency.

[NOVOSTI] What, in your opinion, must change in the traditional economic thinking? What must drop out and make way for new principles and psychological attitudes?

[Abalkin] Above all the conviction that through organizational effort expansion of will anything can be achieved, despite objective difficulties. [sentence as received]

This notion has its history. In the first years of Soviet power many thought that for a country that did what yesterday seemed impossible, no objective

limits can exist. After all, private ownership seemed unshakeable, but we abolished it. Unemployment and crises are permanent and accompanying features of capitalism, but we do not have them.

These views were to a certain extent a reaction to the contrarious extreme: to the conviction that "calico Russia" cannot be transformed into an industrial country quickly.

At the beginning of the 1930s, when the planned development of the national economy actually began, we found out fairly quickly that we cannot plan haphazardly, that we must respect objective limitations, and those who were drawing up economic plans--economists, scientists, and practitioners--soon came across them. But the very atmosphere of the First 5-Year Plan soon reinforced the notions of the postrevolutionary decade: Everything is decided by the enthusiasm and the will of the masses. That conviction was preparing the soil for voluntarism. When objective limitations do not exist, the directing influence is omnipotent. And lo and behold, the context between the intervention of will in a situation and the result was obvious and revealing: a certain plant needed 5 tons of rolled metal sheet. It received it--and started production. The connection between the violation of an objective economic law and the consequence is indiscernible for a layman.

Or another specific feature of traditional thinking that caused various "entanglements" in the economic life: The inability to coordinate one's decisions and deeds with the main objective of the economy's development.

The basic economic law of socialism determines the objective and the purpose of production's development in its orientation toward man's well-being. We saw this final objective on the horizon even when we were lifting the Soviet country out of ruins, or were industrializing it, expending all energy. And in everyday worries, in the immense effort that every step forward required, we occasionally perceived means as an objective. And in those times production was orientated not toward the people's concrete needs, but toward last year's results that had to be exceeded at any price. This philosophy has been preserved to a certain extent to this day, although it is no longer really justified.

The final result of socialist production is to satisfy a certain need. Essentially, it is all the same to us how many railroad cars have been manufactured. For us the important thing is to travel fast and comfortably from all A points to all B points. Through such an attitude tons of cement or iron sheet, the engines' horse power, and the number of "units of production technology" lose their aura [aureola].

Today we are producing more leather footwear than the United States, Great Britain, and the FRG together. We no longer need to produce more, but better and cheaper. The quality of all products has become an economic as well as a social problem. The objective necessity of pursuing quantity in the most important branches of production expired approximately in the middle of the 1970's.

There exists one more, and in my opinion very important, thing connected with the old type of thinking: The narrow economic approach to economic problems, the tendency to underestimate or completely ignore the social, ecological, and other consequences of economic decisions, that is, consequences not directly connected with production.

Today, when it is already obvious that we cannot win the struggle against nature and that we must inevitably adopt a completely new type of relationship toward nature, a friendly and rational relationship, all our decisions, and thus also economic decisions, must be benign to ecology. This would be a new psychological attitude.

It is also difficult to break out of the narrow framework of the earlier relationship toward technology: A better machine is one that is the same as yesterday's, but has better performance and is more reliable. Some technical monsters with super-strong engines, which are, huge, heavy, and uncomfortable, and whose technical potential is only partly utilized in practice, are the product of the limited imagination of an economist who gave an order to designers. In a century of rapid technology and rapid obsolescence of machinery, society cannot afford such limited imagination.

The national economic plans, which since 1977 we in the USSR have called socio-economic plans, must be "social" as well as "economic." In my opinion, the most "social" measure of the present is to activate in man the feeling of being a manager in relation to his work, his workplace. Everybody feels inside the need to feel like a manager, and be one. And that is our immense, but by far not fully utilized strength.

In the slave-drivers' society, production discipline used to be maintained with the stick of capitalism--the threat of dismissal. Socialism enshrines an absolutely new type of discipline, based on a conscious relationship to common work, that is, on the feeling of being a manager. And that is the immense economic, social and political potential of the socialist system.

[NOVOSTI] Changing psychological attitudes that have been in the making for decades, changing a certain way of thinking is much more difficult than building a gigantic new combine or inventing a new machine. Culture is very rigid. How, in your opinion, would it be possible to change stereotyped economic thinking?

[Abalkin] The main step is connected with forming an economic mechanism that corresponds as closely as possible today's economic requirements.

[NOVOSTI] A change in economic thinking is not supposed to run ahead of the modernization of the economic mechanism that, after, all is a condition for the effectiveness of such restructuring. Do you not think that there is a certain contradiction here?

[Abalkin] There certainly is a contradiction. In life there are plenty of similar real contradictions that are neither invented nor artificially constructed. For this one needs the necessary social force, capable of tackling all problems

comprehensively and resolving them effectively. The party management of the economy is such a force. The party expresses the interests of all people, is above conflicts of departmental interests as well as above the interests of individual social groups that can occasionally find themselves at loggerheads not only with one another, but also with the interests of society. The party guides the process of the perfection of the economic mechanism, and also the processes connected with the molding of new, modern economic thinking.

In this it relies on science. Even though scientific thinking can also be burdened by stereotypes and the influence of anachronistic psychological attitudes, when all is said and done it is subject to these things to a much lesser degree than an ordinary purely practical mind.

It is not possible to change the thinking of the entire society at once, of all strata, and officials on all levels. The restructuring of the economic mechanism begins when new principles are being implemented at the level of where the most important decisions for the entire national economy are adopted. This process has already begun.

A new socioeconomic situation is being created, in which neither those who carry out the work nor those in charge at any level of management can work in the old manner.

CSO: 2400/26

CZECHOSLOVAKIA

TECHNOLOGY EXPERTS LOATH TO MOVE TO ROBOT PROJECT

AU301517 Bratislava PRAVDA in Slovak 27 Sep 85 p 3

[Jozef Supsak article: "First Steps by the International Scientific-Technical ROBOT Association; Still Many Vacant Chairs Around the Joint Table"]

[Excerpts] The Czechoslovak-Soviet construction-design and technological ROBOT office was set up in Presov at the end of 1983.

A total of 46 staff are working in it at present, and by the end of the year their number is to raise to 144, of which 52 will be from the USSR. Next year the ROBOT association is to have 240 staff, and by the end of 1990 about 350 experts. In the next few weeks the first Soviet experts and members of their families are expected to arrive in Presov. But in Presov, they are racking their brains about how to get CSSR graduate engineers and technicians to work in the international association: One has to mention that this does not involve just any cadres, but people with many years of practice and great expert knowledge and experience in the sphere of robotics, electronics, planning, concept design, and similar spheres. When the leadership of the association called on seven Czechoslovak organizations participating in the ROBOT association to select a total of 54 specialists to work in Presov, the response was symbolic. One succeeded in getting only a few experts, who can be counted on the fingers of two hands.... The greatest "hunger" is for experts from economic production units based in Prague, such as the ZSE [High-Voltage Electrical Engineering Plants] the TST [Plants for Engineering Machinery], the ZAVT [Automated and Computer Technology Plants], or from the Cheopos Enterprise in Brno. However, one cannot achieve top results without highly qualified robotics specialists. How, actually, is this problem to be resolved? Hardly anything can be accomplished by giving an order or through administrative measures. If we are really interested in giving preference to the development of robotics we must create advantageous working and social conditions that would attract people from Prague, Brno, or Bratislava to the east of the republic to Presov. For top experts we want to move to an international worksite, we must also create corresponding stimuli, be they in the sphere of salaries, housing, or culture. But despite the exceptional efforts that are being pursued by the direct and regional party and economic agencies, this problem is being resolved slowly and dilatorily.

CZECHOSLOVAKIA

CONSTRUCTION WORKERS FOR USSR

AU261336 [Editorial Report] Prague VECERNI PRAHA in Czech on 23 September carries a 300-word "VD"-signed article headlined "Direction: Dolinskaya," connected with a planned start of the construction of an ore treatment plant in the village of Dolinskaya, located about 85 km from Krivoy Rog in the Ukraine.

The author of the article says that a "convoy" of 9 heavy Skoda trucks, dispatched by the Pramen enterprise, is slated to leave Prague for Dolinskaya on 23 September, which is to become a "temporary home of 5,000" Czechoslovak construction workers, taking part in the construction of the aforementioned "big" project.

The convoy, which will arrive there in 6 days--2 days before the first construction crews--carries basic foodstuffs, such as rice, flour, sugar, spices, beer, and canned meat, as well as "rags for wiping the floor," cutlery, glass, plates, big cooking pots, "razor blades, and tooth paste."

According to Pramen Director Vaclav Oklestek, the enterprise will take care of the Czechoslovak construction workers' accommodation and catering, and will run a small shop. Pramen will be supplying the CSSR employees at the project with "half of the necessary material--the rest, for example meat, potatoes, mineral water, we will procure locally," Oklestek said according to the author of the article.

Prague MLADA FRONTA in Czech on 24 September on page 2 carries a 100-word "CEK"--signed interview with Bohus Urbanek from the personnel section of the Industrial Construction Projects [ICP] enterprise in Brno, in which he says that his company will send first construction workers to Krivoy Rog "by middle of October at the latest."

The ICP, Urbanek says, is still recruiting workers of construction professions, particularly bricklayers, carpenters, concrete pourers, reinforcement iron bar benders, and locksmiths, and mentions that the construction of the Dolinskaya ore treatment plant is expected to take 7 years to complete.

Prague RUDE PRAVO in Czech on 24 September on page 5 carries a 1600-word Miloslav Vltavsky article, entitled "First Builders of a New Soviet Combine Ready to Depart; Their Mind Is Already On the Way," in which he mentions that "in the course of the Eighth 5-Year Plan, the Czechoslovak centrally directed construction sector will send some 30,000 workers abroad, the greatest number of them to the Soviet Union."

CZECHOSLOVAKIA

RAILROAD SHORTCOMINGS, PROBLEMS DISCUSSED

AU301318 Bratislava PRAVDA in Slovak 27 Sep 85 p 1

[Article by Jan Gondol, first deputy chairman of the Central Committee and chairman of the Slovak Committee of the Railroad Employees' Trade Union: "The Blue Army's Day"]

[Excerpts] After the railroad's successful years with regard to fulfillment of the tasks of the Seventh 5-Year Plan a year has come that has no precedent in the history of railroad transportation. An unusually cold winter, frozen substrates, and also shortfalls in production which resulted in shippers placing lower demands on the railroad were the causes of nonfulfillment--amounting to roughly 4 million metric tons--of the volume of commodities transported by the CSD's [Czechoslovak State Railroads] network in the first 6 months of the year. We have not succeeded in reducing this shortfall. On the contrary, at present it already totals 7.9 million metric tons. Shippers are cancelling contracts concluded with the railroad on volumes to be transported. It shows that the shippers' demand for the railroad's services is much smaller than planned.... That, understandably, is reflected in the nonfulfillment of qualitative indicators, such as the circulation of railroad cars, the productivity of operating locomotives, observance of the consumption of electric energy and diesel fuel by traction vehicles, and so forth, which again shows up in the nonfulfillment of profits and, as a consequence, unfavorably affects the creation of resources and the working people's material incentives.

In addition, the overall development of transportation and its performance as regards railroad transportation and the CSAD [Czechoslovak State Automobile Transportation] is unsatisfactory. We envisage that in 1990--compared with 1985--the index of the growth of railroad transportation will be 102.3 percent, and that of CSAD transportation controlled by regional National Committee will be as high as 119.1 percent, a matter that attests to the insufficient utilization and expansion of railroad transportation, which consumes less energy, and is thus economically more advantageous.

From what has been said above, one could get the impression that the reasons for and the problems connected with the nonfulfillment of the railroad's tasks are "objective," and that railroaders are not to blame for them. This is not the case. We fully realize that in our work, alongside positive results, there also exist many shortcomings. It is generally known that the greatest reserves

are in the sphere of planning and management work at all management levels. Often—and this is unfortunate—instead of direct contact with people on worksites and without a profound analysis and thorough knowledge of the state of affairs, we employ an administrative approach, directive [direktivni] methods of management and planning, and adopt "standpoints," take "decisions" without directly consulting the people at the worksites, without explaining the problems, without listening to and utilizing their views and recommendations. These are reserves whose utilization requires no investment of any sort. And investment, namely, is what we frequently use as an excuse when it comes to substantiating the nonfulfillment of tasks.

With the railroad, too, unfortunately, several shortcomings and problems endure. Serious difficulties and great damage are caused by shippers by carelessly loading and unloading railroad cars. In the CSD's entire network last year more than 200,000 railroad cars were damaged and had to be taken out of circulation, resulting in losses to the national economy amounting to more than Kcs 160 million. Already in the first 8 months of this year more than 180,000 railroad cars were damaged.

We also cannot be satisfied with standard of railroad travel. There are grave problems with technical conditions and equipment, installations, and the railroad car pool—where we are short of more than 600 passenger railroad cars and there are difficulties in recruiting employees for the unattractive job of cleaning railroad cars inside. The railroad is permanently short of them. Unfortunately, passengers, too, do not improve the standard on travelling by their behavior. Thus, last year, malevolent passengers in Slovakia alone stole more than 22,000 fluorescent lamps, 21,000 curtains, 10,000 various mirrors, 1,500 window shutters, and a number of other things, such as relays, switches and circuit breakers worth more than Kcs 12 million. All this, plus the very dirty railroad cars at their final destination frequently place insurmountable demands on the quality of maintenance and interior cleanliness of passenger railway cars. Improving the relationship between the railroad and the traveller is one of the important tasks we must resolve together.

CSO: 2400/26

CZECHOSLOVAKIA

BRIEFS

LABOR DISCIPLINE DISCUSSED--An international conference on questions of the trade unions' share in intensifying labor discipline opened in Prague today. It is attended by secretaries and departmental chiefs of trade union centers from Bulgaria, Czechoslovakia, Hungary, the GDR, Poland, Romania, the Soviet Union, Cuba and Mongolia. Jiri Neubert, secretary of the Central Council of Trade Unions, referred to the importance of the reinforcement of labor discipline as an important source of intensive development of the national economy. He stressed the broader concept of questions concerning labor discipline in connection with the improvement of management, application of scientific and technological progress, socialist principles governing remuneration, development of workers' welfare, and strengthening of social security. During a debate representatives of trade union centers of the socialist countries singled out the need to strengthen social awareness of the fact that honest work full of initiative is the basis for raising living standards and a guarantee of social progress. [Text] [Prague Domestic Service in Czech and Slovak 1200 GMT 24 Sep 85 LD]

POWER STATIONS--Frantisek Hejny reports about a press conference held in Prague today on the progress of construction work at Czechoslovak nuclear power stations. He said: In Jaslovske Bohunice, the last power set was put in test operation this August, and this was done 2 weeks ahead of schedule. In Dukovany, workers have pledged to generate on the first power set by the end of year 300 Gigawh more than planned. Three more power sets are to be installed there. In Mochovice, preparatory work is in full swing. In Temelin, preparatory work is also in progress and there are good prerequisites for the first power set of this biggest CSSR nuclear power station to be put in operation at the end of 1992. [Summary] [Prague Domestic Service in Czech 1730 GMT 1 Oct 85 LD]

GEORGIAN DEPUTY PREMIER RECEIVED--Peter Colotka, member of the CPCZ Central Committee Presidium and Slovak premier, received today a delegation of the Georgian SSR led by Valerian Vadachkoriya, deputy chairman of the Council of Ministers. The Soviet guests informed Comrade Colotka about the results of their visit in Slovakia and about the development of many-sided forms of cooperation between Georgian and Slovak institutions and enterprises. Peter Colotka stressed the need for the development of new nontraditional forms of economic, scientific and technological cooperation between Czechoslovakia and the Soviet Union. [Text] [Prague Domestic Service in Czech and Slovak 1600 GMT 4 Oct 85 LD]

POLAND

WARSAW ECONOMISTS SOCIETY CONFERENCE ON FIVE-YEAR PLAN

Warsaw RZECZPOSPOLITA in Polish 28-29 Sep 85 p 5

[Text] The Warsaw branch of the Polish Economists' Society [PTE] organized a national scientific conference on the outline National Socio-Economic Plan for the years 1986-90. The conference was held on September 27 and the room was packed out indicating the deep interest scientists are taking in the work on the plan for the next five-year period. As the representatives of the Government Planning Commission and its First Deputy Chairman Franciszek Kubiczek stressed, the Sejm's adoption of the second version of the plan had not brought to an end all discussion on the plan so the opinions and proposals presented during the conference would be thoroughly analyzed.

Several participants in the discussion stressed that this year's economic situation is worse than expected and the implementation of the plan poses serious problems. Some speakers were of the opinion that the second version of the plan was not ambitious and would not satisfy social needs or expectations. Others doubted whether, considering the substantial improvement of efficiency envisaged in the plan, its targets would be feasible. Two issues gave rise to the deepest concern: the first was the problem of foreign debt and the second was the fact that no definitive lines for restructuring the economy had been made nor had the question of which economic branches should be checked in their development and which should be encouraged been clearly answered. Most constructive proposals made by both the authors of papers and participants in the discussion concerned the latter problem, which is of crucial importance to the plan. Mieczyslaw Radosz, an author of one paper, proposed that structural changes should amount in the main to increasing outlays on agriculture and the food industry and the electrification of the economy. Virtually all speakers were of the opinion that the development of electronics, the computer industry and biotechnology should be stimulated. Assistant Professor Aleksander Szpilewicz stressed in his paper that the development strategy to be adopted should put an end to the domination of the heavy industries over processing and should lead to a more rational consumption of raw materials and energy. Dr Mieczyslaw Rakowski expressed the opinion that the future plan should stimulate intensive development and definitively de-monopolize the economy. According to him, this is the only effective way to strengthen state control and free the economy from the pressure of lobbies representing the particularist interests of individual branches of the economy.

Minister Kubiczek said that most remarks made during the discussion concerned the document on which the Planning Commission was currently working rather than the versions of the plan submitted for public consultations. Therefore, the proposals submitted could still be included in the plan. Against the background of international comparisons and predicted development trends, the 3.5% increase in the national income envisaged in the plan is not really small. Although public expectations are an important factor in the preparation and implementation of the plan which should also be ambitious, the planners should above all keep their feet firmly on the ground, Minister Kubiczek said. Of the many dilemmas encountered when preparing the plan, the greatest is how much of the national income should be allocated to investment and how much to consumption.

The funds are limited--in the material production s, they have not yet reached the level of 1978 and perhaps will not do so even in five years' time. The problem is that allocating a greater part of the national income to investment is the only way to arrest the depreciation of fixed assets and start the necessary structural changes. Contrary to some opinions, the plan will not be a simple continuation of the present economic policy for it envisages a clear shift towards efficiency and a program for structural changes, something possible to evaluate in full when the draft plan has been presented. Minister Kubiczek did not describe the lines of structural transformations, but said that one of them will be to promote electronization of economic processes (rather than the development of electronics). Answering the charges presented during the meeting concerning the privileged position of the fuel and energy industry in the plan, Minister Kubiczek pointed out that the plan did not envisage increases in the production of coal or steel, and investment in the metallurgical industry amounted to modernization. He said that the only way to resist all kinds of lobbies was to improve the theory and practice of planning under the conditions of the economic reform. Generally speaking, the structural changes in the economy will consist of investment in those branches which promise the highest efficiency.

CSO: 2020/6

FINANCE POLICY IN 1986-1990

Warsaw ZYCIE GOSPODARCZE in Polish No 35, 5 Sep 85 pp 1, 6

[A summary of the Finance Ministry's document "Preliminary Guidelines For The State's Financial Policy in 1986-1990," edited by ZYCIE GOSPODARCZE].

[Text] Throughout the whole 1986-1990 period, the national income for distribution will grow at a slower pace than the national income produced, which reflects the need for partial repayment of foreign debt. This will activate inflationary factors, and in order to cushion them the dynamics of wages in the productive sphere and budgetary spending in the nonproductive sphere will have to run below the growth-rate of the national income for distribution.

The attainment of goals set in the National Socio-Economic Plan for 1986-1990 will strongly depend on the opportunities for raising financial resources at both economic units and the state level, and on the possibility of their optimal allocation. It is thus very important that the socio-economic goals be closely related to the financial capability at all decision-making levels.

Five Lines of Action

The state's financial policy in 1986-1990 will be focused on the following five objectives:

(1) Restoration and consolidation of the state's global financial equilibrium, understood as the attainment of a capability to finance economic and social requirements from resources generated by the economy, with account being taken of foreign payments.

To this end, it is necessary to provide such economic/financial mechanisms which would stimulate the modernization of the economy and improvement of its efficiency, and which would restore the economy's capacity for a balanced growth.

The budgetary policy in 1986-1990 will be directed at maximum balancing of the budget at the planning stage and in the course of plan implementation which is to be attained primarily by means of stimulating production,

enforcing efficiency improvement, and modifying the subsidy system (in close connection with price policy, the subsidies will be gradually withdrawn).

(2) Financial stimulation of the process of eliminating the disproportion among major areas of the economy, and between the domestic economy on the one hand and foreign trade and payments on the other.

In raising the impact of finances upon production, the goal will be to provide such conditions in which profit growth will be possible only if the enterprise concerned increases--in real terms--its consumer-market or export production or if it improves the efficiency of production. The initial level of profit, as shaped by the system of prices, subsidies and taxes, should thus be relatively low. Production growth will also be stimulated by a system of tax concessions and other preferential devices. Stable tax conditions and preferential treatment for crafts, services and other kinds of private economic activity will be linked to their lines of development, as determined by existing requirements.

The balancing of the consumer market will be reinforced by the price-forming function of sales tax. The goal is to unify this tax, and at the same time to flexibly set prices for goods purchased by social groups of different income levels.

The investment demand is running above the economy's capacity to accumulate and above the investment-construction potential. For the deep investment imbalance to be eliminated, it is necessary to strengthen the impact of finances upon the generation of this demand, its structure and the course of investment processes (by shifting subsidies for productive-sphere investments from the period of project construction to that of credit repayment), to ease horizontal flows of resources between enterprises, and to provide favorable conditions for financing modernization projects.

(3) Stimulation of structural changes in the economy, as provided for in the five-year plan.

The role of finances will be to accumulate resources needed in order to effect structural changes and to direct these resources to the areas whose development should be accelerated. Structural investments, to be decided by the policymaking Center and financed from credit, may be propped up by the budget with depreciation-allowance funds [taken from enterprises]. Concessions in the payment by enterprises of [a portion of] depreciation allowances to the budget and to centralized depreciation accounts will be diversified by parent bodies.

Investment projects of enterprises will be supported by the system of horizontal flow of resources, the system of tax concessions, and the system of depreciation-allowance division between the budget and the enterprise--all of them promoting measures which comply with the program of structural changes. These changes will be also supported by financial stimuli for R+D establishments to conduct research in accordance with enterprises' needs and by a simultaneous financial pressure on enterprises enforcing demand for innovation.

(4) Greater efficacy of financial stimuli to efficient production.

This goal will be served by devices shaping the profitability of production at a level which permits effective operation of the motivation system. Financial policy will stimulate rationalization of labor and capital inputs in production and will verify the correctness of production subsidies. Poor quality and deteriorating use value of production will entail the withdrawal of a subsidy, and in such case the income-tax base will be increased by the equivalent of unwarranted costs and losses, including the costs of product fault elimination and penalties for reduced quality.

(5) Restoration of external equilibrium.

In relations with countries of the Council for Mutual Economic Assistance (CMEA), financial conditions will be proficed for further development of trade exchanges.

In relations with capitalist countries, it will be necessary to provide conditions encouraging a growth of trade--through, among other things, the normalization of finance/credit relations, the use of obtained credits for the purpose of providing supplies to the economy, and through the the implementation of modern investment projects in industry.

Towards the end of the decade, trade surpluses should permit the payment of the whole interest on foreign debt and enable the growth of this debt to be checked. The financial system will stimulate an accelerated growth-rate of foreign trade necessary to achieve this.

Policies on Budget, Taxes, and Subsidies

The goal of budgetary policy in 1986-1990 will be to balance the budget and gradually obtain surpluses enabling the repayment of bank credits drawn in 1981-1985 to cover the budget deficit. To this end, it will be necessary to raise production, improve efficiency throughout the economy, and rationalize budgetary spending, especially as regards subsidies to prices of unprofitable goods and services. But the principle that rises of production-supply prices should not be passed onto the prices and subsidies of final products in full will be maintained.

The level of general subsidy for individual voivodships will be set for the whole five year period, which, together with people's councils own revenue, will enable the attainment of goals set in the National Socio-Economic Plan.

A central budget reserve will be created and put at the councils' disposal--but its utilization will depend on real requirements.

Socialized economic units in 1986-1990 will be charged with the following taxes: sales tax, corporate income tax, payroll tax, and real-estate tax.

Relative stabilization will be sought in sales tax rates, which will be reduced when disturbances emerge in market-segment equilibria. In respect to goods meeting higher-order requirements and luxury goods, the sales tax will bring prices to equilibrium levels.

In the system of product subsidies, the extent of unified subsidy rates for individual product groups (with no diversification among enterprises) will be broadened.

Producer subsidies will be applied in respect to those selling their products or services at official prices and in cases where the conditions of production prevent any major cost reduction. Subsidies to regulated prices calculated in relation to the category of warranted costs will be set in accordance with current policy of prices--and the discipline of subsidy settlements will be tightened in order to eliminate instances of subsidizing mismanagement.

The rate of corporate income tax throughout the whole five-year period will stand at 65%--and in respect to foreign trade agencies at 75%. The corrective system introduced in 1984 [upon a switch from progressive to linear taxation] will be applied till the end of 1986. The economic units in which the ratio of [progressive] tax to balance-sheet profit in 1983 stood at more than 60% will be charged with an increased rate, but not higher than 80%. In respect to units where the said ratio was below 45%, the tax will be lowered--but not below 30% of the tax base.

Tax concessions for export should be linked to its efficiency. Starting from 1986, the rates of concessions related to the amount of sales will be reduced--from 5% to 2% in 1990. Concessions for export growth will be retained.

Tax concessions stimulating growth of production and services will be degressive in character. The sum total of systemic concessions in income tax on all counts must not exceed 50% of the amount of tax due in a given year, with the proviso that in respect to export concessions this limit may be raised to 75%. Unwarranted costs and losses will continue to be included into the tax base.

The payroll tax in 1986-1990 will run at 20% [of the wage fund] and will be counted into enterprise costs. Local budgets will receive 85% of this tax.

Concessions and exemptions will be applied in respect to services determining living conditions, to economic units of the disabled, and to some low-profitability units. But the goal will be to reduce concessions and exemptions, in step with price policy measures.

The real-estate tax, going fully to local budgets and counted into enterprise costs, will run at 2% throughout the whole five year period. The rate of land taxation will be 10 Zl per 1 sq.m., and 15 Zl for newly acquired land.

Scientific/Technological Progress and Investments

In the field of science and technology, the financial policy goals will include:

- * higher spending for R+D, including spending on central research projects and on enterprises' R+D facilities;
- * curbs in the inflow of so-called easy money to R+D establishments, in order to heighten their interest in such lines of research which comply with enterprise requirements;
- * continuation throughout the whole five-year period of the research work fund and the funds for technological/economic progress (FPTE) at both enterprise and centralized levels;
- * deductions to the FPTE will be diversified among branches of the economy, irrespective of the given unit's ministerial affiliation or subordination to central or local plan provisions; branches of special importance for the modernization of the economy will enjoy preferential treatment; the principle of the fifty-fifty split of FPTE revenues between enterprise and centralized funds will be maintained;
- * the system of financing R+D establishments will be reformed and adjusted to new laws now in force; the financial principles will be diversified in accordance with the line of activity;
- * enterprise-affiliated R+D units will operate according to the same financial conditions as separate units; enterprises will be allowed to create application-effect funds, and the principle will be continued that noninvestment costs of application are settled as part of production costs and that the costs of unsuccessful application will be covered with FPTE resources;
- * with a view to supporting specially important ventures, a fund for application support and a central foreign-exchange reserve will be created.

In the field of investment, the most important objectives are to check the extension of investment activity beyond the capacity of the economy, to reduce the amount of capital tied up in projects under way, and to intensify structural change. To serve these goals, the following is planned:

- * in defining the size of budgetary subsidy for investment projects of budget-financed units and for local investment projects, account will be taken of resources that may be spent for these investments from special-purpose and social funds and of nonbudgetary resources, including the centralized depreciation-allowance funds;

* budgetary subsidy for continued investment projects of public utility enterprises will be set at such level which would enable punctual completion of these projects, with the maximum commitment of the concerned units' own resources and utilization of bank credit;

* productive-sphere investment will be financed according to principles which take into account the source of funding and the period in which budgetary assistance may be granted;

* the existing system of income-tax concessions for preferred investment projects will be maintained (concessions will be revoked if their terms are not observed or if the planned effects are not obtained);

* the division of depreciation allowances between the enterprise (50%) on the one hand and the central budget or centralized voivodship-level depreciation accounts will be maintained; the security will be returned if the project concerned is completed, and its target capacity reached on time;

* direct, horizontal flow of financial resources accumulated in enterprises' development funds will be broadened (the principles governing the transfer of these resources will be defined in contracts between investors and enterprises taking interest in a project).

Balance-of-Payments and Foreign Exchange Policy

The growth of trade and payments relations with CMEA countries and the USSR in particular, should enable further progress in mutual economic integration. The financial stimuli to these relations, which so far have stood the test, should thus be maintained throughout the five-year period.

In order to restore the balance-of-payments equilibrium, the following should be done:

* to reach as soon as possible full normalization of credit relations with the West, so as to obtain credits for production supplies and for the modernization and restructuring of the productive potential;

* to make maximum use of internal credit and economic opportunities for the purpose of accelerated growth of production and exports--through the application of adequate production-planning measures and financial instruments influencing enterprise operations;

* to obtain, in several years' time, trade surpluses with capitalist countries--in order to check debt growth;

* to improve the operation of the rate of exchange, as the basic parameter determining the profitability of exports and imports.

Centrally-financed imports will be reduced, while the export-revenue allowances (RODs) will be maintained and rendered more flexible. The ROD rate [or the proportion of hard-currency earnings that an exporting enterprise may keep in its account] should be set for a period of two to three years, to provide encouragement to reducing import content in production. When credits for the import of raw materials or for investment projects are drawn, the source of repayment should be named as should be the organization responsible for repayment. Pending the attainment of payments liquidity, it will be necessary to maintain central rationing of foreign exchange for the provision of supplies to the economy and for the financing of central investment projects.

Efforts to obtain membership in the IMF and the IBDR will be continued.

Nonproductive Sphere

It is essential that financial operations in the nonproductive sphere should be rationalized--among other things, through greater extent of self-financing in social and cultural services.

The priority in spending will go to education--the development, modernization and maintenance of schooling facilities, and salaries for an increased number of educators. New arrangements are planned as regards payment for kindergarten services.

The principles of financing institutions of higher learning will be maintained, but steps should be taken to obtain funds for salaries by means of adjusting the size of the personnel to the reduced number of students (compared to previous years), and to provide funds for student grants in accordance with the reformed grants system.

In the field of health and welfare, the financial effort will be focused on continuing the investment projects now underway. Funds will be provided for the opening of new hospital facilities, increase in employment and equipment purchases. In pay policy, the goal will be to link salaries to the quality and amount of work. The sector's financial resources should be increased as a result of changes in baby-nursery fees and the requirement to partially cover boarding costs at sanatoriums. An increase is also expected in the population's share in financing the expenditures on medicinal drugs.

In culture and arts, it will be necessary to increase the sector's own revenues needed to cover expenses from the Culture Development Fund (FKK). A new financial mechanism will be introduced in the cinema industry and in artistic institutions.

In the field of tourism, economic settlements at factory-owned recreational/holidaying facilities are to be improved, as a result of an obligation to make depreciation deductions on fixed assets. Enterprises' welfare funds should be used primarily as grants to the costs of employee holidays.

In the field of physical culture and sports, the goal will be to increase the inflow of funds from higher revenues of sports clubs (including the revenues generated by their economic activity), and from the revenues of the Totalizator Sportowy pool.

Measures planned in the field of social security include the unification of the sources of finance, the creation of a collective fund for social security, and the balancing of revenues with expenditures.

Throughout the whole five-year period, the principle will not be to increase employment in state administration.

The attainment of the five-year plan targets will be rendered more difficult by the continued automatic indexation of wages and some other kinds of the population's money incomes in the nonproductive sphere. It is thus essential that the growth of these earnings should be tied more closely to the targets of the five-year and annual plans and subordinated to central pay policy.

Local Economy and Environmental Protection

Enterprises' resources earmarked for the construction of storage and distribution facilities will be reinforced with contributions from the Consumer Market Fund (FRR) and centralized development funds of central cooperative unions. Investments by state-owned distribution organizations will be supported with tax and depreciation-division concessions.

Because of the shortage of funds, the construction of large-scale bakeries by cooperatives will be supported with budgetary grants (from FRR resources). Such bakeries will be state-owned and subordinated to voivodes.

In respect to small businesses, the goal for 1986-1990 will be to accelerate the growth-rate of their economic activity.

Small businesses will keep their depreciation allowances, with the proviso that at state-owned units they will be redistributed through centralized voivodship-level depreciation accounts. The state-owned units will also be supported with resources from the voivodship-level funds for the development of small businesses.

The payroll tax in services related to the population's living conditions will run at half the normal rate. Excluded from the tax base will be the equivalents of 10% of laundry-service sales and 8% of other services.

The amount obtained by cooperatives of the disabled from income-tax concessions and exemptions will be directed to the rehabilitation fund.

There will be a systematic drive throughout 1986-1990 for an increase in financial resources necessary for the maintenance and repair of houses run by people's councils. In accordance with the assumptions of house-rent reform, the population, starting from October 1, 1985, should finance full costs of the maintenance and repair of these houses, with the excep-

tion of general overhauls. Budgetary subsidies for the financing of people's councils' resources will be confined to the amount of the latter's costs.

A program of increases in rents and related fees should be worked out for the whole five-year period.

The principles of supporting private owners of tenement houses with state subsidies will be maintained. These subsidies, to be spent on general overhauls, will be entered into books as mortgage charges.

For the growing housing demand to be met, greater commitment is needed of the resources of the population, work establishments and local authorities. Under the adopted housing policy, the budget's share of financing cooperative tenant-occupied apartments should be reduced, and bank credit for cooperative construction of multi-family owner-occupier houses should be scaled down to the amount applied in single-family construction, or ZL 1.5 million per housing unit.

The upper limit for credit for single-family housing construction (Zl 1.5 million per unit) will be maintained. This limit may be raised but without preferential interest rate.

The privilege of write-offs on credits for the construction of miners' one-family houses will be reduced. The write-off should not exceed the equivalent of 40% of the credit.

It is proposed that the population should finance the construction of cooperative houses starting already at the investment-project stage, and that grants to the costs of maintaining cooperative housing resources should be reduced [with the exception of grants to municipal services].

The financial principles in the field of environmental protection in 1986-1990 will consist in awarding tax concessions to enterprises which embark on investment projects aimed at environment protection (and not requiring investment securities from them), in granting budgetary subsidies to ventures financed from the resources of the Environment Protection Fund (FOS) and the Water Management Fund (FGW) and in charging such penalties for the violation of regulations in the field which will make investment in environment-protection equipment profitable.

In Sectoral Breakdown

The next part of the Finance Ministry document presents detailed financial policy goals in industry, construction, transport, food production, forestry, and foreign trade. Below we present only the most general guidelines in this respect.

As regards the financial policy in respect to industrial enterprises, any decision bearing financial consequences--in the field of prices, wages, taxation, interest on credit, terms of crediting, normative deductions to welfare funds, commission fees, retail margins, etc.--will be made in close cooperation among the bodies concerned.

In construction, the goal will be to strengthen the role of the investor, raise efficiency of building firms and design offices, differentiate [limits on] profit margins, provide encouragement to undertake projects preferred in the NSEP, support the establishment of small-sized enterprises (state-owned, cooperative and private), stimulate higher production of construction materials.

In transport, users and the population will have to increase their contribution to the financing of the sector's needs. The target model for subsidizing the PKS road transport company will be attained by 1987. In respect to the PKP national railroad operator, this is planned for the period after 1990, depending on the pace at which the company will go into profit.

In respect to agriculture, financial policy will support the development of farm production at a level enabling the nation's self-sufficiency in food and a surplus in foreign trade in food and farm produce. Budgetary subsidies will be channelled to land-improvement and water-supply projects. Land amalgamation will be encouraged in both private and cooperative sectors, and measures will be taken to restore equilibrium in the market for producer goods and services purchased by farmers. To this end, the scope of budgetary subsidies to the manufacture of means of agricultural production will be reduced--in conjunction with the policy of producer-good and farm-procurement prices.

In foreign trade, a concrete program of developing export production is needed--the program which would not only define priority areas of production but also set concrete tasks for individual branches and enterprises, and provide domestic and foreign-exchange resources needed for the execution of these tasks. If exports are to be accelerated, it will not suffice to generally influence enterprises through indirect economic methods--although it is necessary to keep producers interested in the development of profitable exports, which should be attained through financial instruments.

A separate mention should be made here of the financial policy to be pursued towards coal mining. Despite yearly increases, the domestic coal prices are still below production costs. Subsidies will thus be continued, although they will be decreasing in per-ton terms. In defining them, account will be taken of the increase in production costs, as justified by mining conditions, and of central-level decisions concerning prices and wages. A margin of profit to be financed from subsidy and used for development purposes, will be set for the whole five-year period (5-6% of production of costs). This should provide encouragement to rational investing. The discussed principles will also be applied in respect to other mining industries.

The Population and the Private Sector

The financial policy to be pursued in 1986-1990 in respect to the private sector of the economy (in and outside agriculture) and the population will be aimed at increasing the role of taxes as an instrument stimulating the growth of production and supply; as a contribution to the meeting of requirements of the whole society; as a regulatory instrument, especially in respect to high incomes and income differentials not justified by labor inputs; and as an instrument of restoring the monetary/consumer-market equilibrium and of preventing the practices of getting rich quick.

In private agriculture, steps will be taken to stimulate the intensification of production, improvement of agrarian structure, and farmer's interest in the efficiency of production. Starting from 1987, the amount of tax per hectare will amount to the money equivalent of 2/5 quintals of rye. Agricultural-tax revenues will go in 40% to the gmina [rural community] fund.

A stable tax policy towards the nonfarm private sector will provide conditions for the operation and development of the sector taking into account the specific features of this area of economic activity, where personal responsibility for the effects coincides with personal risks. While providing motivation to expand [the state] will take measures shaping incomes at justified and socially-accepted levels. The requirements to register turnover and costs at crafts and service establishments will be broadened. Taxation according to simplified procedures will be retained--to a justified extent--in farm-produce trade and services.

The financial policy towards the population will be aimed at adjusting the tax burden to the growth of incomes in individual occupational groups and to the growth value of goods and property rights in sale/purchase transactions. The wage tax ["podatek od wynagrodzen"] is to be modified and adjusted to the level of wages and nominal incomes--at a linear rate and with the same treatment of incomes from various sources. The wage tax will replace the personal income-equalization tax. The personal real estate tax will be turned into a property-type tax, to be based on the value of property as set for insurance purposes. In computing the death duties, the tax-free amount will be raised in accordance with the inflationary increase in the value of goods and property rights. It is possible that the tax on transport equipment possessed by individuals will also be adjusted to the level of population incomes and budgetary spending on road upkeep.

In foreign exchange policy, the existing lines will be consistently followed and the existing mechanisms will be further improved, so as to intensify the inflow of foreign exchange to banks and enable legal owners of foreign currencies (from documented sources) to spend them as they wish. It is essential to expand domestic sales for hard currencies, which should compete with private "tourist" imports.

Insurance and Banks

The insurance of fixed assets at state enterprises and MGR state farms introduced in 1985 under Sejm-law provisions will be retained. Insurance services will reflect changes in the prices of goods and services, offering real compensation for the incurred damage. This will require an increase in contributions paid for some kinds of insurance. A mechanism adjusting the level of insurance benefits received in future (life insurance, pensions) will be introduced, reflecting the drop of the purchasing power of the currency.

The synchronization of the monetary/credit policy with the state's financial policy should focus on:

- * coordinating measures aimed at the restoration and consolidation of economic and financial equilibrium, and at the stabilization of the zloty, as a condition for effective control over economic processes, by means of financial instruments;
- * coordinating measures in the field of tax, budgetary, and bank-credit policies (special emphasis should be placed here on budgetary subsidies, tax concessions and preferential credit terms for enterprises);
- * coordinating measures in the sphere of savings and loans policy towards the population;
- * coordinating measures in the field of foreign-exchange policy;
- * cooperating in the changing of economic structures and in the replacement of worn-down plant and equipment.

The organizational framework for coordinating the state's financial policy with the banks' monetary/credit policy is proved by the Banking Council.

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POLAND

1984 BALANCE OF PAYMENTS STATISTICS PUBLISHED

Warsaw RYNKI ZAGRANICZNE in Polish No 110, 11 Sep 85 p 8

[Article by Maciej Takielski: "Poland's Balance of Payments"]

[Excerpts] It is only since recently that balance-of-payments statistics have been published. The scope of information is wide, covering, in principle, all foreign exchange receipts and expenditures and credit operations registered in the books of our three foreign-exchange banks: Bank Handlowy w Warszawie SA, National Bank of Poland (NBP) and Bank PKO SA.*

In Poland, two separate balance-of-payments sheets are compiled—one for operations in currencies of socialist countries (i.e. transferable roubles and bilateral clearings), and the other for operations in western currencies. This corresponds to the differentiations between payments zones I and II. It should be noted that operations in currencies of socialist countries are not identical with exchanges with those countries. With the People's Republic of China and Yugoslavia, for example, the settlements are in convertible currencies, so they fall into payments zone II.

Payments Zone I

A very important role in payments operations with socialist countries is played by payments on the goods account. Last year, receipts rose 13.2 percent and expenditure 12.8 percent—or much ahead of plan targets. The trade deficit, too, was higher than initially planned for last year.

Service payments are a traditional surplus item on the current accounts with socialist countries. The lower surplus last year reflected an increase in Poles' foreign tourism payments, whose share of invisible payments topped 50 percent. Also on the rise were payments for transport (mostly rail) and communications services.

* To be more precise, let it be noted that next to the balance of payments, the NBP compiles a settlements balance ["bilans rozrachunkowy"] according to the IMF pattern which in some items is broken down in still greater detail than the former (but it will not be discussed here)—author's note.

Table 1**Poland's Balance of Payments in Currencies of Socialist Countries
(in TR million)**

Accounts	1982	1983	1984
1. Goods			
- inflow	6,839	7,542	8,534
- outflow	7,532	8,440	9,518
- balance	-693	-898	-984
2. Services			
- inflow	615	727	772
- outflow	333	452	580
- balance	+282	+275	+192
3. Cost of foreign credits			
- inflow	7	30	17
- outflow	116	114	159
- balance	-109	-84	-142
4. Remittances			
- inflow	12	13	14
- outflow	5	7	7
- balance	+7	+6	+7
5. BALANCE OF CURRENT ACCOUNTS	-513	-701	-927
6. Credits received, bilateral, long- and medium-term			
- utilization	1,389	601	652
- repayment	86	85	92
- balance	+1,303	+516	+560
7. Credits granted, long- and medium-term			
- repayment	102	37	37
- utilization	10	13	7
- balance	+92	+24	+30
8. Other operations			
9. Credits from the [CMEA bank] IBEC			
9.1 medium-term	-1,382	-620	-575
9.2 short-term	+750	+200	+1,009
10. Settlements credit	-237	+518	-164
11. BALANCE OF COMPENSATORY FLOWS	+513	+701	+927

Table 2

Poland's Balance of Payments in Currencies of Capitalist Countries
(in US \$ million)

Accounts	1982	1983	1984
1. Goods			
- inflows	4,974	5,402	5,828
- outflows	4,616	4,317	4,372
- balance	+358	+1,085	+1,456
2. Services			
- inflows	491	639	552
- outflows	408	607	618
- balance	+83	+32	-66
3. Remittances			
- inflows	416	622	852
- outflows	97	247	390
- balance	+319	+375	+462
5. BALANCE OF CURRENT ACCOUNTS	-1,016	+62	+787
6. Credits received, long- and medium-term			
- utilization	-1,474	565	218
- effective repayment	268	317	243
- repayment covered with re-scheduling arrangements	2,150	2,329	3,059
- balance	-944	-2,081	-3,084
7. Credits granted, long- and medium-term			
- repayment	153	113	131
- utilization	158	182	307
- balance	-5	-69	-176
8. Revolving credits received			
- utilization	196	878	1,180
- repayment	-	540	940
- balance	+196	+338	+240
9. Short-term credits, balance	-110	-264	-203
10. Refinancing credits received			
- utilization	2,150	2,329	3,059
- repayment	100	121	121
- balance	+2,050	+2,208	+2,938
11. Financial operations, balance	-71	-242	-634
12. Changes in the state of bank accounts	-100	+48	+132
13. BALANCE OF COMPENSATORY FLOWS	+1,016	-62	-787

The deficit in the costs of foreign credits reflects the servicing of our debt to socialist countries and CMEA countries.

In sum, the current accounts went into still greater deficit. Just as in previous years, this deficit was financed with a long-term credit received from the USSR (item 6) and a short-term credit from the [Moscow-based] International Bank for Economic Cooperation. At the same time, we repaid the old credit (almost exclusively to the USSR), received a loan from the IBEC, and repaid our medium-term obligations [to that bank].

The balance-of-payments deficit in currencies of socialist countries, reflecting a steady excess of imports over exports in 1981, was an expression of assistance from these countries, and the Soviet Union in particular. It was instrumental in cushioning the consequences of cut-backs on imports from the West. The assistance was also reflected in the already mentioned credits granted us to finance the deficit.

As a result, Poland's debt in currencies of socialist countries increased more than three times over the past four years--from TR 1.5 billion at the end of 1980 to TR 4.8 billion at the end of 1984 (including a TR 1 billion increase last year). The debt comprises obligations to: the USSR (TR 3,480 million), the International Bank for Economic Cooperation and the International Investment Bank (TR 1,340 million), Czechoslovakia (TR 10 million) and Bulgaria (TR 3 million). Under a Sejm resolution, the upper limit for debt in currencies of socialist countries for this year is set at TR 5.3 billion.

Payments Zone II

In the absence of normalization of credit relations with western governments (despite the continuation of talks with the Paris Club), and with only slightly increased availability of credits from commercial banks, the size of Poland's imports from hard currency markets depended primarily on the level of export earnings. And the latter had also to be spent on debt servicing, mainly in consequence of rescheduling agreements with commercial banks, concerning nonguaranteed obligations.

Good payments ran below the Central Annual Plan (CAP) targets for 1984, but the degree of plan implementation was slightly higher on the revenue side. As a result, we scored a trade payments surplus of US \$1,456 million, up \$371 million from the 1983 figure.

Of \$5,828 million worth of export earnings in 1984, Bank Handlowy received for import financing and debt servicing just \$4,517 million. The \$1,311 million difference was accounted for by: exports conducted under bilateral clearing agreements, exports under bank-registered countertrade deals, and exports on credit terms (long- and medium-term loans denominated in convertible currencies).

1984 imports were almost exclusively paid with cash. Long- and medium-term financing accounted for just 3 percent (\$130 million), and in 1983 they ran at \$460 million.

But there was an increase in imports financed from short-term revolving credits (put at Bank Handlowy's disposal following the agreements with commercial banks)—from 20 percent of all import payments in 1983 to 27 percent (\$1,175 million) in 1984. Upon repayment, the revolving credit is automatically renewed up to the agreed level.

In remittances, the traditional surplus has been systematically growing in the past three years. The increase in revenues here was determined by higher receipts at banks' "A"-type [freely-disposable] foreign currency accounts, which represented 50 percent of the total. Simultaneously, withdrawals from "A" accounts were also rapidly increasing, amounting to 85 percent of all expenditures in this group.

Slightly lower than a year earlier were receipts from pensions and domestic hard-currency sales [through Pewex and Baltona networks]. Altogether, the level of deposits in "A"-type accounts increased in 1984 by \$202 million, to reach \$885 million.

The costs of debt servicing (interest) were, of course, in deficit—but this deficit was much lower than in the two preceding years. This was because in the previous years we had had to pay interest due in the past (e.g. in 1983, interest payments had included a third tranche of interest falling due in 1982). Most interest payments were to service rescheduling credits. The rest included mainly the interest on short-term and revolving credits.

In sum, we scored a tangible surplus on current accounts—\$787 million. The two major factors behind this were: growth in trade surplus and only partial payment of interest obligations.

As already mentioned, the utilization of the received long- and medium-term credits in 1984 was minimal. Effective payments topped the value of credit utilization.

A new item were payments covered by rescheduling arrangements. They consist in liquidation of old liabilities and creation of new ones. As a result of agreements deferring the repayment of our debt, the credits covered by these agreements were struck off item 6 and entered under item 10 of our table.

Short-term credits were in deficit, the greatest part of which were payments of deposits through the export of goods and services.

At the end of 1984, Poland's long-, medium- and short-term liabilities in currencies of capitalist countries stood at US \$22.7 billion. In addition, interest obligations—unpaid or formally deferred, were estimated at \$4.1 billion. Together, the convertible-currency debt amounted to US \$26.8

billion, up US \$0.4 billion on the end of 1983. Such a small increase was a result of the falling value of liabilities denominated in other convertible currencies than the US dollar, reflecting the strong appreciation of the US currency.

Conclusions

This discussion may, in fact, be ended with just one conclusion: an analysis of the country's balance of payments shows with still greater emphasis the principal importance of exports for the development of exchanges with foreign partners, and consequently for the development of the national economy as a whole.

One may also add that it is essential that in the course of work over the National Socio-Economic Plan for 1986-1990 conditions for export-oriented expansion of production should be provided. This is our only way out.

CSO: 2020/9

POLAND

NEW POLISH-SOVIET COOPERATION PLANS IN ENGINEERING

Warsaw RZECZPOSPOLITA in Polish 1 Oct 85 p 1

[Text] Talks were held in August and September this year, within the program to coordinate Polish and Soviet economic plans, with a view to stepping up efforts to direct the Polish economy toward a closer cooperation with the Soviet Union. The parties resolved to embark upon several priority projects expanding bilateral cooperation in science, technology and economics until 1990 and later.

A particularly important part in the cooperation program is to be taken by the Ministry of Engineering and Metallurgy. The talks covered such areas of industry as electronics, machines and equipment for the chemical and food industries, metallurgy, machine tools, the aircraft and food industries, metallurgy, machine tools, the aircraft and motor industry, cranes and construction and road-building machines. More detailed talks involved the 15 branches of metallurgy and general engineering; joint projects have been designed to promote scientific and technological progress, ancillary production and specialization. The talks produced two inter-government agreements on a long-term program for the development of cooperation until 2000, and on a complex, long-term program to promote scientific and technological progress.

Cooperation in the production of a new generation of television sets, including digital ones, and in the production of delivery vans with diesel engines, has set a good example in the full cycle of research-implementation-production. Other deals involve the ancillary and specialized production of cranes and parts for roadbuilding machines.

Ancillary production will be constantly intensified, the Avia work-and-nut steering gear works will step up its deliveries to the Soviet Union. It was also agreed that the two industries would take joint measures to use the spare capacities of several industrial plants in Poland, including the Apena in Bielsko-Biala, the Bial in Bialystok, the Kromet in Krosno Odrzanskie, the Ponar in Zywiec and the Hydromat from Warsaw.

The Polish deliveries of equipment for the modernization of sulfuric acid plants, built earlier for the Soviet Union will be stepped up as will the supplies of machines and equipment for the food industry and the supplies

of machine tools of all types. Increasing these supplies above the originally planned level will make it possible to fully utilize the capacity of many Polish factories.

The talks dealt with several problems facing Polish metallurgy, particularly measures to increase the capacity of factories manufacturing goods in high demand.

Of great importance to Polish Lot Airlines are the plans to develop cooperation between the Polish and Soviet aircraft industries.

It was agreed that the Soviet Union would sell Poland additional quantities of certain materials and components, which up to now have been imported from the dollar zone, including acid-proof steels and bearings. The Soviet deliveries will also include trolley buses and microtractors whilst the Polish industry will supply the Soviet producers with main engines.

Plans are also being considered to establish joint Polish-Soviet engineering enterprises.

What appears characteristic of the talks is that all problems were considered in respect of long-term agreements, up to the year 2000.

CSO: 2020/6

POLAND

INSPECTION BOARD FAULTS INVESTMENTS IN GOVERNMENT ORDERS

Warsaw TRYBUNA LUDU in Polish 11 Sep 85 p 5

[Text] At the Premier's order, the Supreme Board of Inspection (NIK) in the first six months of 1985 examined nine central and 11 factory-financed investment projects covered by Government orders, to compare the rate with which work was progressing with the dates specified in plans and to analyze the reasons why changes were made.

According to NIK, all the investment projects inspected were being carried out incorrectly. The targets had not been met anywhere, although over 94 percent of the funds have been spent. Work on three sites had not even begun until the inspectors' arrival, and production lines were not started in the case of two projects.

Proper conditions for implementing the projects were not ensured on most investment sites, mainly due to shortages of funds, including hard-currency, changes and errors in designs and delays in preparing technical documents. Occasionally, the scope of investment projects was changed, making preparations for work on them difficult or even impossible. NIK also disclosed many faults in machinery and equipment deliveries to the sites of projects under construction.

These conclusions from NIK inspections--including those on the ineffectiveness of supervision by parent bodies and organizations in charge of constructors, harmonize with the opinions contained in the Planning Commission's report on the implementation in the first half of 1985 of investment projects covered by Government orders. This report suggested a need for better preparations and greater discipline in carrying out the projects. Having examined the report, the Council of Ministers set guidelines which the Planning Commission followed when updating the list of investments implemented under Government orders in 1985. Investment projects which have been delayed were dropped from the list.

In the coming years, the Planning Commission will continue to discipline the preparations for and the implementation of investment projects covered by Government orders.

CSO: 2020/9

POLAND

NEW TRAINING PLANE DEVELOPED

Warsaw RZECZPOSPOLITA in Polish 30 Sep 85 p 3

[Article by Janusz Dembinski: "New Modern Training Plane"]

[Excerpts] In 1980, the WSK-OZL Warszawa-Okecie factory presented a program to produce a comprehensive pilot training system. The designer in charge of the project was Tomasz Wolf, a representative of the younger generation of designers. He and his associates developed the system, called PZL-130 Kolegium, and incorporating at present the PZL-130 Orlik plane (in various versions), the LOT PZL-130 Profesor flight simulator and the PZL-130 Inspektor diagnostic system, in five years.

The development of the Profesor is currently at the working model stage which precedes the prototype. It contains a minicomputer and its visualization system is based on digital picture generation. The simulator makes possible an early selection of potential pilots and helps to acquaint them with flight conditions. The Inspector has reached stage where preparations are underway to design its first version. It will be equipped with a microprocessor enabling diagnostic procedures to be automated and inexpensive and efficient maintenance to be carried out. The amount of maintenance will not depend on flight time but on the actual condition of the aircraft. However, the main element of the system is the PZL-130 Orlik, at present the only representative of a new family of propeller-driven training planes in Comecon, suited to the system of training used in our countries and to the structure of the equipment we use.

In recent years, the design efforts of the most famous aviation research centers in the world have produced such similar aircraft as the French TB-30 Epsilon, the Brazilian Embraer 312 Tucano, the Swiss Pilatus PC-9, and the British NDN-1 Firecracker.

The Orlik incorporates many designs which give it the characteristics typical of the jets used in Poland and prepares young men to fly such planes. The Orlik's designers proceeded from the assumption that it must include components made in Poland or ones imported from other Comecon countries, and its propulsion should be suited to the conditions in force in those countries. The cockpit is therefore related to that of the TS-11 Iskra plane, with instruments that are infallible in any

conditions, even during acrobatics or in freezing weather, and an undercarriage enabling the plane to take off and land on grass airstrips, thanks to wide low-pressure tires.

The plane is powered by a star-shaped piston engine, this makes it possible to use a high-rev propeller of a small diameter, at the same time reducing engine revs from 2,900 to 2,700 per minute and its power from 360 to 330 h.p. This change means that the engine is better suited to the airframe characteristics as the small-diameter propeller makes it possible to use a relatively low undercarriage while its high revolutions ensure better efficiency at high flight speeds. As a result of the designers' efforts, the Orlik is one of the lightest of the new generation of specialist planes for pilot training. Its engine uses oils and fuels commonly in use in Comecon countries. It burns some 60 liters of B-80 aviation fuel per hour, which is ten times less than the Iskra trainer jet, which burns about 600 liters of naphtha per hour of flight.

The number of parts that go into the plane has been reduced to 2,500. By comparison, the PZL-104 Wilga has about 5,500 parts. The parts are to a large extent uniform. High load bearing areas are made of light alloys and will in the future be replaced by castings or forgings. The riveting of external surfaces has been replaced by spot welding. Many parts have been made of glass-epoxy composites, the ABC (sic) plastic and organic glass.

Visibility from the cockpit is excellent. The instructor's seat may be raised 10 centimeters higher than the trainee's. The seats are adjustable for use with various types of parachutes and escape systems. Later, the PZL-130 is to be powered by a turboprop engine, which is in the development stage at present.

CSO: 2020/9

POLAND

BRIEFS

HOUSING COUNCIL MEMBERS SELECTED--The Government Press Office has announced that the prime minister has appointed the members of the Housing Council. Let us recall that the Council of Ministers at its 4 October session passed a resolution on its establishment. The Council has 81 members. Among these there are representatives of political organizations, state bodies, PRON, trade unions, public and youth organizations, housing cooperatives, and academic communities. The council is chaired by Deputy Premier Zbigniew Messner. Besides him, the presidium consists of Adolf Ciborowski, Alfred Miodowicz, Jerzy Szmajdziński, Zbigniew Szalajda, and Zenon Komender. [Text] [Warsaw Domestic Service in Polish 1900 GMT 8 Oct 85 LD]

LENIN SHIPYARD ANNUAL PLAN--The annual plan at Gdansk's Lenin Shipyard envisages the sale of sixteen ships with a capacity of 219,000 metric tons. Thus far eight have been sold, thereby gaining more or less one-third of the income planned for the current year. There are no delays in the production of ships for the Soviet Union. The situation is worse with sales to the second payments zone, since one of the Western shipowners has withdrawn from the purchase of a tanker. The deadlines for handing over many ships have been fixed for the last quarter, which will require increased efforts by the work force. Among those vessels which should be handed over by the end of the year are two prototypes: a bulk carrier adapted for the carriage of timber, built for Finland (SMCLN), and the sailing boat Oceania for the Polish Academy of Sciences. [Text] [Gdansk Domestic Service in Polish 1630 GMT 7 Oct 85 LD]

ANGOLA ASKS POLAND TO BUILD SHIPYARD--Warsaw, Oct 4 -- A delegation of the Angolan Ministry of Fisheries paid a visit to the Baltic port of Gdansk today where they met with managers of the Gdansk repair shipyard and the foreign trade agency "Navimor". The Angolan side has offered that Poland build a repair shipyard at the Atlantic town of Tombe for the use by the country's fishing fleet. A team of Polish designers will soon visit the location to collect the necessary data that will become the bedrock for the plans of the project. The talks today covered also the [words indistinct] in setting up in Lobito, Angola, a maritime school similar to the Polish Higher Maritime School in Gdynia, and partly with a Polish teaching staff. Seven years ago, "Navimor" had signed a contract with the "Enapit" Company of Angola, on organization and equipment of a group of maritime schools in that African country. Angola has been satisfied with the implementation of the contract and has recently [word indistinct] interest in prolonging the presence of Polish teachers in the schools into the next few years. [Text] [Warsaw PAP in English 2029 GMT 4 Oct 85 LD]

AUTO INDUSTRY TALKS WITH JAPAN--The managing directors of the FSO car factory in Warsaw and Polmot, the automotive industry's foreign trade enterprise, have been received at the Ministry of International Trade and Industry and at Japan's Export-Import Bank in Tokyo. The subject of the talks were matters connected with the involvement of the Japanese motor industry in the expansion of the FSO plant and the terms of financing this undertaking. [Text] [Warsaw TRYBUNA LUDY in Polish 30 Sep 85 p 7]

NEW DEALS WITH GDR--Two weeks ago, Poland signed a protocol on the results of the coordination of economic plans with East Germany. The protocol provides not only for a substantial increase in trade but above all for closer cooperation and specialization. Here is the latest in a series of moves toward this goal. On September 19, the Labimex foreign-trade company signed a deal with the Carl Zeiss Jena corporation for deliveries of Polish defectoscopes and ultrasound apparatus worth a total of 2.8 million roubles. This is the second deal of its kind Labimex has made with the East German corporation. From 1986 to 1990, Labimex plans to supply buyers in East Germany with defectoscopes for the detection of structural defects and other ultrasound instruments worth 7.5 million roubles. Carl Zeiss is Poland's premier supplier of optical instruments, especially microscopes, geodesic equipment, spectroscopes, photometric equipment and other measurement devices. This year it will sell Poland goods worth 19 million roubles. Labimex will also sell the second ion implanter made by the IBJ nuclear technology company of Warsaw to Schiller University of Jena. [Excerpts] [Warsaw RZECZPOSPOLITA in Polish 20 Sep 85 p 5]

ELECTRONICS CONTRACT WITH CHINA--The Radwar Foreign Trade Office signed the biggest contract involving the Polish and Chinese electronics industries, with the China Electronic Export-Import Corporation on September 26. The 300 million Swiss franc deal concerns the delivery of a complete line for the manufacture of high-power thyristors, complete with know-how, technological assistance and the training of specialists. The supplier will be the Lamina Electric Plant of Piaseczno near Warsaw. [Text] [Warsaw RZECZPOSPOLITA in Polish 28-29 Sep 85 p 5]

CHINESE FOREIGN TRADE EXHIBITION--A Chinese foreign trade exhibition was opened in Warsaw on September 28. Eighteen Chinese foreign trade enterprises are displaying their wares in a 1,750 sq meter area. They include textiles, handicraft and folk art products along with electronic equipment: radios, televisions, calculators and also chemicals and machine tools. The exhibition, which will remain open until October 9, was visited by Vice Premier Janusz Obodowski, representatives of sectoral ministries and of the Planning Commission. The opening ceremony was attended by the chairman of China's International Trade Promotion Council Wang Yaoting and the Chinese Ambassador Wang Jinging. On September 28, Vice Premier Obodowski received a delegation from the Chinese Trade Promotion Council headed by Wang Yaoting, which has been staying in Poland at the invitation of the Polish Chamber of Foreign Trade. During the meeting, the Polish official voiced the hope that the activity of the council would contribute to a further growth in Polish-Chinese economic cooperation and trade. He also thanked the Chinese side for organizing export exhibition in Warsaw. [Text] [Warsaw TRYBUNA LUDY in Polish 30 Sep 85 p 4]

CSO: 2020/6

ROMANIA

EFFORTS TO IMPROVE QUALITY, INCREASE SUPPLY OF CONSUMER GOODS

Bucharest REVISTA ECONOMICA in Romanian No 35, 30 Aug 85 pp 11-12

[Article by Ioan Georgescu: "Small-Scale Industry--in the Process of Self-Supplying the Population with Consumer Goods"]

[Text] The development of the small-scale production of goods and services on the basis of a unitary conception, regardless of the institutional form in which the respective activity is achieved, permits the coordination of the production efforts with a view to meeting the requirements of the working people in the respective territorial unit for consumer goods and services. The unitary coordination of small-scale industry by the people's councils expands their powers along the line of self-management and self-supply on a territorial basis, creating at the same time optimum conditions for fulfilling the functions of small-scale industry, that is:

The matter of involving in economic development all the natural resources in a zone, the animal, vegetable and industrial byproducts, the reusable materials, and other local resources of raw materials and supplies;

The diversification of the production of consumer goods and services with a view to meeting well the population's requirements and creating reserves for exporting one-of-a-kind and small-series products;

Cooperation with national industry, for which it fulfills the function of a horizontal industry, by furnishing parts, components, subassemblies and services;

The inclusion of the work force available on a local level in the activity of production and services throughout the year.

Speaking of the role that small-scale industry must play, at the Conference with the Actives and Basic Personnel in the Consumer Cooperative System, the Artisan Cooperative System, the Agricultural Production Cooperative System and the People's Councils, the party's secretary general, Comrade Nicolae Ceausescu, said, "Small-scale production is an important factor in our socialist economy; our cooperative system is a good form of production of our socialist society and fits harmoniously into the socialist economy's general system."

The general orientations and the tasks of small-scale industry in the current 5-year period were established by means of the Special Program Regarding the General Development of Small-Scale Industry and of Services in the 1981-1985 Period and the Program of Measures Regarding the Development, Diversification and Raising of the Quality of Services for the Population in 1984-1985. According to these programs, at the end of the 5-year period each county is to attain in small-scale industry an average output per capita of 4,000 lei (the value of the industrial commodity output and the nonindustrial services), of which at least one-fourth is to be the percentage of the value of the services performed for the population.

In the first half of 1985, the great majority of the counties, over three-fourths, fulfilled the indicator provided for this year for the volume of production in small-scale industry, a fact that indicates that if they will continue to exhibit constant concern for stimulating this sector they will fulfill the indicator of 4,000 lei per capita. All the more, in the counties that achieved in the first half a volume of production below 2,000 lei per capita, greater efforts are required in order to make up the deficit and get to the level provided for the end of the current 5-year period. Among this year's achievements we also mention the assimilation of 525 new and redesigned products and models of consumer goods for the most diverse uses, the development of the base of unconventional energy resources--the production of biogas installations and solar panels and the utilization of geothermal water for both production and the population--and the development of folk-art and handicraft production, including through work at home. In this way, it was possible to increase the deliveries for both exportation and the domestic market. For example, the following were delivered additionally for the market supply: articles of small furniture, small articles for home and household use, agricultural and gardening tools, ordinary and mechanical toys, various textile articles, knitwear for children and adults, and morocco leather goods.

As regards the structure of attainment of the production in this sector, the main percentage--over three-fourths--goes to the industrial commodity output, meaning by this the serial production meant for the market supply, exportation, and cooperation with national industry. The percentage of the industrial output meant for the market supply was about 22 percent in 1984, thus less than one-fourth. Comparing this structure of attainment to the ranking of small-scale industry's functions, of the reasons for its existence as a priority supplier of consumer goods for the population, it can be judged that the deliveries for the market supply should be increased.

The entire production of small-scale industry (goods and services) has an average percentage of less than 5 percent of the total production (goods plus services) of a county, so that this sector could be oriented with priority toward meeting the population's needs. It is true that, for the most part, the economic factors operate in favor of the current structuring of the small-scale production of goods (with priority as a subsupplier for large-scale industry), since the enterprises in national industry provide the raw material and technical documentation and accept quite generously the prices asked. At the same time, the Ministry of Supply does not include in the material balances small-scale industry's need for raw materials and supplies.

According to industrial branches, the manner of attainment of the commodity output meant for the population in 1984 was the following (in percentages of the deliveries for the market supply): metal consumer goods, about 4 percent; articles for home use and other processed products of wood, about 3 percent; articles of textiles and substitutes, about 80 percent; folk-art and handicraft products, about 4 percent; and so on.

Small-scale industry's contribution to the utilization of local resources for construction was materialized in the extraction and sorting of over 8.2 million cubic meters of mineral, quarry and ballast-pit aggregates for mortar and concrete and of big quantities of clay, limestone and building stone; 5,580 tons of rubber, from which technical products and consumer goods were made, were processed; big quantities of willow, hazel and birch switches, straw, sorghum, corn leaves, animal bones, hooves and hair, wood, forest fruits, scraps of metal and board, textile remnants, and scraps of rubber and plastic were utilized on a local level.

The activity of cooperation with national industry was materialized in the performance of services and the delivery of products in the following fields: the rewinding of motors, painting operations (boats, furniture and equipment), the making of various components, subassemblies and spare parts, metal articles, the mending of cloth, and the making of plastic parts.

The relatively low degree of mechanization and automation of the labor in small-scale industry and the manual execution of operations and products can be turned from an economic disadvantage into a basic advantage of it, insofar as small-scale industry is oriented according to the criteria of the current economic mechanism, that is:

The organization of a production of goods and services corresponding to the real needs of the domestic and foreign market;

The wide-scale utilization of the skill and intelligence of the folk and professional creators;

The continual diversification and adaptation of the production list of goods and the types of services, including by means of multilateral training of the workers;

The raising of the number of units put under the administration and management of the small producers (cf. Decree No 101/1980), with the providing of the conditions for being profitable in operating them;

The diversification of the network of display and sales stores in accordance with the orientation of the population's demand.

For stimulating the diversification of the assortment in the units of small-scale industry, the Council for Coordinating the Production of Consumer Goods and the Ministry of Domestic Trade establish annually a list of so-called minor consumer goods (of metal, wood, glass, rubber, textiles, footwear and so on) that are requested by customers in short series in order to be taken into

consideration in launching the production for the respective year. (The orientative quantities that can be absorbed by the domestic market are also indicated.) Another way to orient production consists of the permanent exhibitions with products of small-scale industry organized on a central level with the aid of the Council for Problems of the People's Councils and UCECOM [the Central Union of Artisan Cooperatives], to which both foreign partners and domestic-trade representatives are invited with a view to ordering products of small-scale industry. On the territory, similar actions take place in the majority of the counties under the organization of the county commissions for coordinating the production of consumer goods—that is, exhibitions with specific products of the units on the territory, possible to achieve with the existing capacities. They are visited both by the local population and from the adjacent counties with a view to expressing the buying choices. For example, through the reuse of the technological scrap from the basic production of the enterprises in national industry, consumer goods, in economical series per product, involving the commercial bodies in the respective county as well as in the adjacent counties, are achieved, with corresponding savings both in the organization of the manufacture and in the transportation of the merchandise to customers.

In order to avoid the transformation of industrial scrap into slow-selling or unsalable goods, first, much experience, skill and professionalism are often more necessary than when you work with conventional raw materials and, second, a good knowledge of the population's demand is necessary. For example, the processing of scraps of rubber to turn them into useless objects not in demand on the market can only be detrimental to management and stocks in trade. In addition, there still are some handicraft products, kitsch, that crowd the showcases of the display stores, including in the capital, without having chances of ever being sold.

The Salon of Light, organized by light industry, and the art fairs have demonstrated abundantly to what artistic heights common clay, wood and so on can be raised. Furniture and upholstery of straw and switches are articles for which the demand constantly exceeds the supply, as is the case for footwear with woven soles (which has become a rarity in handicraft production).

Many kitchen articles, traditionally made by carving and turning in wood, have been replaced with plastic imitations that do not have either economic, aesthetic or functional merits in consumption. Can energy-intensive plastic, molded in (electric) injection presses, really be cheaper than deadwood from the forest? Instead of benches and dish shelves of wood, shelves of forged iron (an energy-intensive material) are offered, instead of wall shelves of switches or wood, shelves of forged iron in the same style appear.

Besides the negative influence that such articles have on public taste (I have said nothing of plastic flowers), they squander materials that could be much more sensibly used for: elements of small furniture of metal and plastic, made in a vision of modern design; modules for the erection of multipurpose shelves; and garden and camping furniture made from the same combination—metal and plastic or metal and wood. The effort of creation and good taste

are generously rewarded both in the country and in exportation, and this can be one of the ways, much wanted, to make units profitable.

The programs for raising the technical and qualitative level of production, set up in all branches of the economy, including for services, can find fertile ground for materialization in small-scale industry, which is called upon to add to the segment of bazaar production the products of Romanian artisans that have brought fame to the country since the first world's fair in Paris in the last century.

For example, the national furniture industry and small-scale industry produce to a very small extent and, as a result, do not provide on the market sets of furniture (rooms) in a Romanian folk style, not necessarily carved, but simple and functional, as are found abundantly displayed in the Museum of the Village in Bucharest, in the one in Sibiu and so on. Such furniture would be more suited to dwellings in the rural area than, say, polished furniture, but surely it would also be appreciated in the urban area or in exportation. Likewise, it may be necessary for either the national furniture industry or small-scale industry to produce modular furniture in the preassembly phase (kits), which, once purchased, can be assembled by the customer in his dwelling, according to his taste and concrete needs.

All the more in the field of fashion articles (clothing, footwear and morocco leather goods), small-scale industry can successfully supplement and diversify large-scale industry by rapidly adapting to the line of fashion, by promoting designer models within the houses of fashion, a matter particularly appreciated in the launching of products on the foreign market. We specify again that, at present, small-scale industry is fulfilling and overfulfilling the plan for the great majority of the indicators, so that the proposals made above merely underscore the reserves for development that this sector has in our socialist economy in the current stage of intensive development.

It would be desirable for all the stores of small-scale industry to show that UCECOM's permanent exhibition within the Piata Scintei exhibition complex and, in general, the publicity about this sector's achievements are to be more active. The accompanying pictures themselves [photos not reproduced] indicate aspects, new to many, of the activity of small-scale industry.

12105

CSO: 2700/219

ROMANIA

MEASURES TO UTILIZE DANUBE DELTA RESOURCES

Bucharest REVISTA ECONOMICA in Romanian No 35, 30 Aug 85 pp 9-10

[Article by Dr Marin Nitu: "Complex, Efficient Utilization of the Resources of the Danube Delta"]

[Text] For anyone who knows it from casual trips or travel folders, the Danube Delta means the wonderful landscape in which the water, reeds, water lilies, exotic birds and fishing boats put splashes of color with special tones on the so rich palette of Romanian geography. But the delta--442,300 hectares lying between the branches of the river and, south of it, in the trough that includes Lakes Razelm, Golovita, Zmeica and Sinoe--represents much more than a natural monument. It constitutes a social and economic complex with its peculiarities, with outstanding progress but also with still unsolved problems of development, with resources whose advanced utilization can have a strong impact not only locally but also on the economy of the county and the country.

The delta's territory--representing over half of the area of Tulcea County and more than that of counties such as Satu Mare, Dimbovita, Giurgiu and Covasna--is sparsely populated, the density being 39 inhabitants per square km, as compared with the 93.5 that is the national average. Excepting the city of Sulina, the population is grouped into 8 communes composed of 27 villages and hamlets. The small size of the settlements (100-400 inhabitants), the periodic overflows of the water of the river, and the scarcity of rapid means of river navigation and other lines of communication, including for contact with the city of Tulcea, have caused difficulties in organizing the supply process and in developing the social and cultural facilities and services. Also adding the predominantly seasonal character of the jobs and the low percentage of permanent workplaces, we have the explanation of the fact that this zone has experienced a strong phenomenon of migration of the population toward various centers of socioprofessional attraction, with the number of inhabitants falling to half in three decades.

The distribution of the delta's territory according to uses puts fishing and reed harvesting in first place--on over 71 percent of the area; bank ridges with pastures represent 12 percent, forest land 4 percent and nature preserves 10 percent. Fishing is done on 170,000 hectares for reed production and pisciculture (with a low average output due mainly to the silting of the natural lakes as a result of the reed-harvesting activity) and on 148,000 hectares for

pisciculture (including 29,000 hectares of fish hatcheries and developed lakes). Of the 170,000 hectares for reed production and pisciculture, 88,500 hectares are diked land provided with pumping stations for controlling the water. Under the existing conditions of organization and exploitation, these activities were unprofitable due to low outputs per unit of area.

Considering the delta's economy according to the occupations of the inhabitants, along with fishing, the extensive raising of hogs and cattle, for which the bank ridges and the zones with ponds offer sufficient land, stands at the head of the list by a wide margin. But the shortage of manpower has reduced the possibilities of practicing such primitive zootechny, and as a result, the number of animals has dropped little by little to less than one fourth.

Starting from the constant orientation of the agrarian policy of our party and state with regard to utilizing for vegetable production all land fit for agriculture, the Program for Complex Development of the Danube Delta was drawn up. Measures for reorganizing the activity of complex, rational utilization of this territory--both its abundant resources and the natural setting, one of unique beauty--have thus been established. The program opens up wide prospects of progress and civilization for the settlements in this zone of the country. Through practically everything that has been planned and done and will be done in order to carry out the measures established by the party leadership and by Comrade Nicolae Ceausescu personally, through actions substantiated with scientific rigor, through constant participation by the people in these places, the Danube Delta will be renovated structurally, on all planes--economic, social, cultural and touristic--becoming, like all zones of the country, further indisputable proof of the party's and state's wise policy of continual, harmonious development of all zones of the country, of growth in the standard of living of our whole socialist nation.

The organizational plans of the six complex enterprises for exploitation of natural resources--Chilia, Sulina, Sfintu Gheorghe, "1 Mai" (Pardina), "Independenta" (Murighiol) and "Unirea" (Jurilovca)--have been revised, establishing for each particular unit the main categories of land and its mode of use. As is provided in the program, the total area subjected to drainage and diking work will be over 97,000 hectares, the pastures in a natural state will be expanded to 50,000 hectares, 63,000 hectares are reserved for piscicultural uses, the areas for reed production and pisciculture in a natural state will represent nearly 168,000 hectares and those for silviculture will represent over 29,000 hectares. All these things are concretized in a project of great scope, conceived on the principle of compartmented exploitation, with maximum efficiency, of the resources of the Danube Delta, whose provisions are to be implemented in the period up to 1990.

On the basis of the studies made, the conclusion has been reached that the areas of land that are to enter into the land holdings of the county not only represent a possibility of expanding the agricultural area but also constitute a higher-quality source. The soil there has medium and light textures and, being rich in organic matter, has a high production potential.

The instructions given by Comrade Nicolae Ceausescu on the occasion of the frequent analyses of the stages of fulfillment of the plans for complex development and exploitation and on the occasion of the working visits made to the Danube Delta have a special role in utilizing the big land resources of the Danube Delta in the production circuit; examining the stage of the work and studying the scope and manner of organization of agricultural, piscicultural and silvicultural facilities in Chilia, Periprava, Popina, Ceamurlia de Jos, Sulina, Obretin, Fortuna, Maliuc, Rusca and other parts of the delta, the party's secretary general stressed the necessity of acting with maximum responsibility to rationally exploit, on sound scientific bases, the agricultural potential of the land there, along with protecting and continually improving the piscicultural resources, developing the traditional activities and conserving the specific flora and fauna, the characteristics of this nature-preserve zone of national interest. It was indicated that, besides the cereal and silvicultural crops and the marked development of animal husbandry, the areas devoted to vegetable growing, a branch that can provide a good supply to the population and raw material for the future processing plants, are to be reset. In all the localities in the Danube Delta it is necessary to provide to all the inhabitants working, living and educational conditions equivalent from all viewpoints to everything that is achieved throughout the country.

The technical and economic results obtained on the land returned to agriculture prove that it is possible for man to intervene, using science and experience, to wrest from the kingdom of water new land for agricultural crops. Evaluating the results obtained during the experiments, the party's secretary general told the silvicultural and agricultural specialists to proceed with greater determination to prepare concrete plans for more efficient land use, so as to increase the arable area through drainage and planting work.

On the other hand, the canals that are to be built will be able to be used as efficient and cheap lines of transportation as well as for irrigation of the land that they border and for fishing. At the same time, vast recreational zones, which will be adored and prized by tourists, will be obtained.

The expansion of the plantations of fruit trees, particularly apple and peach trees and even fig trees, has an important role in efficiently utilizing the land resources of the Danube Delta.

Covering about 5,300 hectares, the Letea Forest, in the range of the C. A. Rosetti Commune, has been declared a natural monument. The existence of vast meadows within the forest and around it offers to the over 2,000 inhabitants of the commune the possibility of raising a large number of livestock, particularly for meat. Through the program drawn up, careful and continual attention will be devoted further to this natural monument, filling in the bare spaces that exist within the forest, in order to secure as efficient land use as possible.

The growth of the economic power of the Delta will provide for the continual improvement of the social conditions, creating better living and working conditions for its inhabitants, which will connect the locals—especially

the young people—more closely to the cities, villages and communes in this part of the country.

On the basis of the instructions given by the party's secretary general on the occasion of the visit made to Tulcea County in 1981, the first plantations of grapevines and fruit trees have been achieved experimentally in the delta; given the good results obtained, an area of over 50,000 hectares of vines, fruit trees and pastures is to be set up in the maritime delta. For reclaiming and putting into production the sandy land in this zone, the county agricultural bodies have been told to speed up the work begun, to achieve the water canal as soon as possible so that on the entire area that is set up the plantations can be irrigated by means of furrows between the rows, and for reinforcing the soil and forming the fertile layer, the task of performing work of sowing with perennial grasses and of securing the use of natural fertilizer has been given to the specialists.

The stage of complex utilization of the natural resources of the Danube Delta is continually being analyzed, with the accent being put on increasing the agricultural area—except for areas for lake fishing, pisciculture and silviculture; the forest must also be kept up in order to provide a suitable climate. The steps that are to be taken later refer to the equipping of the agricultural precincts with pumping stations provided with powerful reversible units, to the execution of the dike in the southern part of the piscicultural facility at Stipoc, meant to protect the Pardina agricultural facility, to the establishment of pastures in the sandy region of the maritime delta, and to the expansion of the agricultural areas through drainage and planting work in the area of the Sfintu Gheorghe Commune. The nature preserves will occupy areas smaller than 2,000-3,000 hectares and are to be organized around the lakes, in the most representative zones. The new measures provided in the Program for Development and Utilization of the Danube Delta refer to the founding of complex agricultural, reed-producing, piscicultural and silvicultural facilities in the Portita-Leahova-Perisor-Sfintu Gheorghe-Sacalin zone and in the C. A. Rosetti-Chilia Veche-Periprava zone, which would also include sea fishing.

An important role in fulfilling all the provisions referring to the rational exploitation of the resources of the Danube Delta goes to the Danube Delta Central, which in a unitary organization—having subordinate to it big complex enterprises set up according to zones—includes all the activities: agriculture (cereal growing, animal husbandry, vegetable growing and fruitgrowing), fishing and pisciculture, reed growing, tourism and so on, thus offering the possibility of continually using the worker personnel and attracting manpower.

The development and modernization of the existing ports, especially the Sulina Port, represent an essential condition for increasing the river-traffic capacity. These actions are contained in a study having in mind the changing of the structure of the traffic and the achievement of a fishing port for the mooring of small coasters and other types of vessels. Concrete plans are being drawn up for using the delta's land in the zone of the Sfintu Gheorghe Commune, so as to increase the arable area through drainage and planting work.

The program concerning the complex and efficient utilization of the resources of the Danube Delta provides for the expansion of agriculture, particularly in the river delta, from 60,050 hectares now to 114,000 hectares, through various types of complex ameliorative work. Along with growth in cereal production, the establishment of rice paddies will occupy a special place within this program. Priority attention will be devoted to fruitgrowing and viticulture, including the organization of plantations of fig trees, for which there are good soil and climatic conditions. Substantial increases are also expected in the field of zootechny, through considerable growth in the number of sheep, poultry and, in particular, ducks and geese by 1990. Pisciculture will be developed greatly through the development and intensive and semi-intensive exploitation of the 240,000 hectares of ponds and lakes, so as to obtain an output of at least 130,000-150,000 tons of fish per year. The more intense exploitation of biomass (reeds, cattails, sedge and aquatic vegetation), the growth of forest resources (through the development of the plantations of fast-growing species of high economic effectiveness both from domestic varieties and through acclimatization), the harvesting of forest fruit and medicinal plants, and the expansion of the wildlife are also in view. In relation to the development of agricultural production, the creation of new units of the food industry for the local processing of vegetable and animal raw materials will be undertaken. At the same time, the program includes measures concerning the organization of the mining of sand in the delta and the expansion of the research in this field. Besides all these things, the expansion and diversification of the tourist activity are foreseen. Work will be done to systematize, equip and protect the localities, to develop water transportation with priority and to improve the telecommunications and electric-power systems.

The harmonious combining of the production branches in this zone of the country is contributing to more efficient utilization of the existing natural resources, along with preserving the touristic calling. The Danube Delta will thus go into the category of the country's zones with strong economic potential, with complex and balanced development, capable of providing to its inhabitants working and living conditions worthy of the era of multilaterally developed socialism.

12105

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29 October 1985

ROMANIA

DEVELOPMENT OF CHEMICAL INDUSTRY REVIEWED

Bucharest REVISTA ECONOMICA in Romanian No 33, 16 Aug 85 pp 5, 6, 30

[Article by Nicoleta Hornianschi]

[Text] During the building of socialism, and particularly during the past two decades, whose milestone is the Ninth Party Congress, the chemical industry in our country underwent a powerful development organically related to the other branches of the economy, steadily increasing its contribution to technical progress and to the superior results obtained from the entire economic activity.

Contribution to the Nation's Accelerated Industrialization

During the industrialization process, chemistry was assured development priorities, due both to the favorable conditions existing in our country--inexpensive and high quality raw material resources, product distribution possibilities, strong scientific potential, and to extensive possibilities for deriving greater value from resources, for rapidly diversifying production, and for extensive introduction of technologic progress in economic and social life. That is why in the past two decades, Romania's chemical industry has been one of the most dynamic industrial branches, as demonstrated by an extremely high average annual production growth rate of about 18 percent, higher than the rates experienced by other countries during the same period.

The industrial production volume of the branch has increased 198-fold between 1950 and 1983, a growth that has allowed the chemical industry to increase its share of the total industrial production by about 1.5-fold during the same time interval, such that by 1984 it contributed about 10 percent, a figure comparable to that of such countries as FRG, Bulgaria, Czechoslovakia, Belgium, and so on. At the end of the current five-year plan, the entire 1950 production of the chemical industry will be completed in only one and one-half days.

Table 1. Chemical industry production (1950 = 100)

	1965	1975	1980	1983
Total production	21-fold	112-fold	178-fold	198-fold
Chemical fertilizers (100% active substance)	1965 = 100	6-fold	8-fold	10-fold
Plastics and synthetic resins (100%)	210-fold	966-fold	1613-fold	1763-fold
Sulfuric acid	10-fold	28-fold	34-fold	37-fold
Chemical fibers and filaments	9-fold	69-fold	90-fold	103-fold
Synthetic rubber	1965 = 100	3-fold	5-fold	5-fold
Synthesized ammonia	1965 = 100	7-fold	10-fold	13-fold
Antibiotics	27-fold	39-fold	151-fold	153-fold

Note: Total production calculations are based on production value, while calculations of major products are based on physical production

The rapid rates of development and the production levels that have been achieved, were the result of a strong development in the technical-material basis, as demonstrated by the approximately 2125 investment facilities and objectives placed in operation in this branch from 1965 until the end of 1984. During the 1965-1984 period, the investment funds allocated to the chemical industry represented 193.6 billion lei, which is 15 percent of the total industrial investment. The major effort has been aimed at developing oil processing and petrochemistry, inorganic products, and chemical fertilizers, sub-branches which in 1984 carried about 71 percent of all the fixed assets of the branch.

One characteristic of the development of the Romanian chemical industry is the large scale use of scientific and technical progress, with national scientific research making a decisive contribution. Between 1976 and 1980, research was completed for 462 technologies, 350 new products were obtained, and 26 industrial installations based on Romanian technologies were placed in operation. Whereas 30 percent of the chemical industry production between 1970 and 1975 was based on domestic technologies, it grew to 80 percent during the 1976-1980 period, and is expected reach about 95 percent by the end of this year. The proportion of new and modernized products has grown from 5.8 percent in 1981, to 20 percent in 1984; one illustration of the magnitude of the production renewal process is the fact that more than 220 new products were adopted for all sectors of the national economy during the past year alone.

The volume of physical production (table 1) for 1983 shows substantial increases in the basic products of the chemical industry, such as 37-fold for sulfuric acid, 1763-fold for plastics and synthetic resins (100 percent active substance) (compared to 1965), 5-fold for synthetic rubber (compared to 1965), 103-fold for chemical fibers and filaments (compared to 1950), and 10-fold for chemical fertilizers (compared to 1965); this growth has rapidly changed Romania's position among countries with developed chemical industries.

Following this growth in physical production, Romania's production per inhabitant for such items as sulfuric acid, caustic soda, calcined soda, chemical fertilizers, and so on, is now at levels comparable to those of highly industrialized nations. The quantitative production growth was accompanied by a constant diversification of the product inventory (which currently adds up to approximately 14,500 chemical products), and by constantly higher efficiency and value derived from raw materials and energy, values which are very large in such areas as synthetic fibers and filaments. The value of dimethylterphthalate production for instance, is 17.6 times the value of the processed raw materials; it is 18 times higher for acrylonitrile, and 60-90 times higher for polyester fibers.

Diversified Structure Adapted to Available Resources

The structure of the chemical industry is determined primarily by the range of natural resources and the needs of the national economy; it underwent constant improvement, as demonstrated by changes that have taken place in the proportion of the various major sub-branches and groups of products. While in 1970 oil processing played the major role (49 percent) in the structure of the Romanian chemical industry, with such advanced technology sub-branches as pharmaceuticals and synthetic fibers and filaments playing a more modest role (only 6.1 percent), the changes that occurred subsequently have led to a configuration, which in 1984 resembles that of economically developed countries (table 2). Among other things, the major structural changes have reduced oil processing to 32.6 percent in 1984, a value similar to that registered in Czechoslovakia (33 percent) and Japan (33.9 percent) during the same year. At the same time, chemical fertilizers have gone from 6.4 percent to 8.6 percent, synthetic fibers and filaments from 5 percent to 6.8 percent, and drugs and pharmaceutical products from 1.1 percent to 5.8 percent, the latter proportion being higher than Canada's (4.1 percent) and Czechoslovakia's (5 percent).

The development of petrochemistry has made a significant contribution to the modern structure of the branch, with the proportion of oil being chemically processed in Romania steadily growing from 0.4 percent in 1960 to about 9 percent in 1984. An examination of the major characteristics of the Romanian chemical industry shows a concern for improving the production structure by increasing the proportion of sub-branches that are small consumers of material resources and energy, and that have high economic efficiency, such as fine organic synthesis products, which although not fully developed, currently represent about 10 percent of the total branch production (for the same group of products, the figures are 7.8 percent in Czechoslovakia, 15.7 percent in Hungary, 17.2 percent in Canada, and 16.8 percent in Japan), compared to 5.8 percent in 1980.

The attention devoted to the development of these products, existing special programs, and the research potential used to formulate technologies for fine synthesis and low tonnage products, have introduced into the list of Romanian chemical products items specific for biotechnologies (which have required the construction of industrial sites in Calafat and Curtea de Arges), new

Table 2. Sub-branch structure of the chemical industry

	Percent of branch total in	
	1970	1984
Chemical industry total, where:	100	100
Oil processing	49	32.6
Basic chemical products	8.1	12.4
Fertilizer industry	6.4	8.6
Synthetic fibers and filaments	5.0	6.8
Drugs and pharmaceuticals	1.1	5.8
Rubber and plastic products	12.3	11.5

reagents, as well as rare and ultrapure metal compounds. The development of the pharmaceuticals sector is expected to be based on plant extracts, in small capacity installations, located near plant collection areas. Such are the achievements in soaps, detergents, and cosmetics, whose production has increased approximately 8-fold between 1965 and 1985. Detergents began to be manufactured in Romania starting in 1958, growing from a production of 10,000 tons/year to over 130,000 tons/year at present, with more than 45 items; future developments will place our country among countries with developed industries in this area.

Aware of the role of chemification for intensifying, modernizing, and increasing agricultural production, particular emphasis was placed on developing the chemical fertilizer and pesticide industry. Compared to 600 tons of active substance produced in 1950, the 1984 production amounted to 3,652,000 tons (100 percent active substance) in 11 chemical combinations; pesticides production in 1984 added up to 54,500 tons of active pesticide substance, compared to 5500 tons in 1950, thus providing 80 percent of agriculture's needs.

In recent years, a significant development has occurred in chemical products for the livestock sector, whose inventory has increased steadily from 123 veterinary biostimulators and drugs in 1965, to nearly 200 items in 1984.

Dynamic Development of Sub-Branched and Groups of Highly Processed Products

Starting with existing achievements, the Romanian chemical industry will continue to evolve at a higher qualitative level; the modernization of the branch's structure will be accelerated, stressing the development of sub-branches and groups of highly processed products (fine and low tonnage chemistry, polymers with special properties, rare and ultrapure metals, and so on) in order to derive greater value from consumed material resources and energy.

Consistent with the requirements to modernize production and increase its efficiency, future efforts will be primarily directed toward manufacturing new [translator's note: missing text in original] reduced energy consumption, and diversifying production, all these measures being subordinated to the

Table 3. Number of products to be adopted (A) and currency savings in thousand dollars per year (B)

	(A)	(B)
Products for microelectronics, electrical industry, and electronics	33	4,990
Salts and oxides for the aeronautics program	7	225
Products for the nuclear power program	2	16
Various new products for advanced technologies	63	25,800

principal objective of adapting the structure of chemical production to current demands, and especially to the long range demands of the national economy and the world market. According to the Directives of the 13th Congress of the RCP, chemistry during the 1986-1990 five-year plan will develop at a sustained average annual rate of 8.5-9 percent, higher than the industry as a whole, with a decisive transition from high volume chemistry to fine synthesis, and with manufacturing limited to energy intensive products. A large growth is projected (see figure), especially for low tonnage products, in the following sub-branches and groups of products:

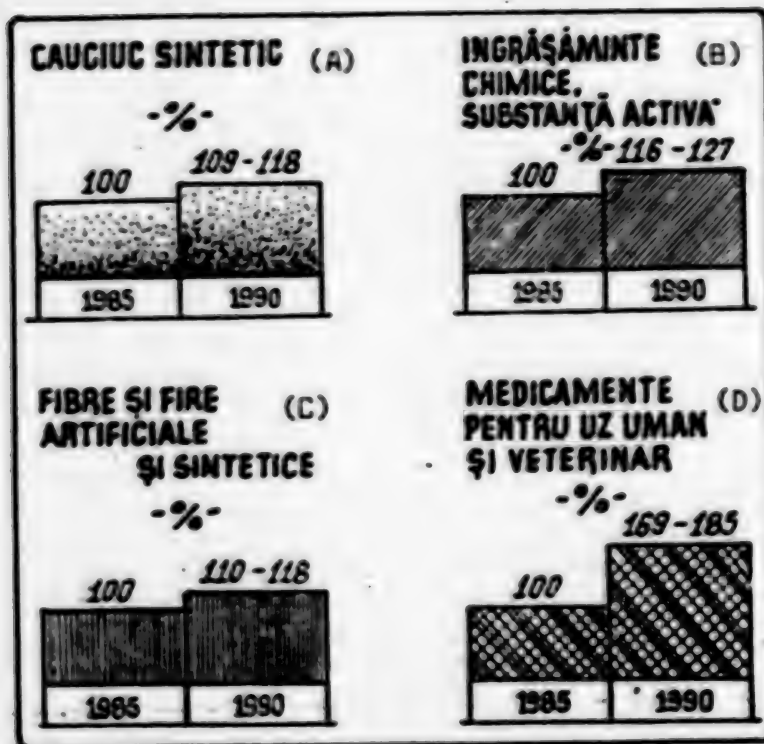
Pharmaceuticals for human and veterinary use, whose production in 1990 will be 169-185 percent that of 1985. The economic efficiency of the value derived from the resources consumed in this sub-branch is particularly high, with the production of goods per 1000 MWh of electric power being 3.5 times greater than the average for the branch as a whole.

Pesticides, whose production in 1990 is expected to be 50 percent higher than in 1985, together with the development of physical production emphasizing the adoption of advanced products among non-polluting, long lasting pesticides, whose improved quality will better meet the demands of agriculture.

Chemical fertilizers (active substance), with a production growth of 16-27 percent compared to 1985, and with greater development in the area of liquid and complex fertilizers that include microelements, thus assuring better satisfaction for the needs of agriculture.

Synthetic rubber, whose production will also increase significantly (109-118 percent compared to 1985), particularly for new, high-value items, thus not only satisfying domestic needs, but also assuring efficient exportation.

Synthetic fibers and filaments, with a growth of 10-18 percent with respect to 1985; new types of fibers (6.6 polyamide, carbon fibers, metallized fibers and filaments, and so on) needed for the development of advanced sectors of the national economy will be adopted.



Production growth in principal sub-branches and groups of products

- Key: (A) Synthetic rubber
(B) Chemical fertilizers, active substance
(C) Artificial and synthetic fibers and filaments
(D) Pharmaceuticals for human and veterinary use

Improvements in the structure of the chemical industry are especially aimed at minimizing the consumption of resources in accordance with domestic potential, and at the superior utilization of domestic scientific knowledge and capabilities, giving priority to the growth of advanced sub-branches, whose production must satisfy the needs of special programs of national interest: energy, nuclear, aerospace, electronics, microelectronics, and so on. Illustrative of this orientation are the figures in table 3, which show the currency savings obtained from the adoption of new groups of products in future years.

National scientific research will make a decisive contribution to all these objectives of major importance for the development of the national economy; based on the Program for Developing Scientific Research and Expanding Technical Progress During the Next Five-Year Plan, formulated under the direct leadership of academy member, doctor, engineer Elena Ceausescu, first

vice-first minister of the government, chairwoman of the National Council for Science and Technology, national scientific research will contribute to better qualitative parameters for products, increase the value derived from raw materials, and reduce energy consumptions, thus assuring world class levels for some products manufactured during this period.

Studies have shown that the essential characteristic for the next stage of development of the chemical industry will be a more intense activity in obtaining new, original products with better characteristics, together with the adoption of advanced products existing throughout the world, and their production under highly efficient conditions, thus bringing the branch's production to an economically optimum structure. By implementing the decisions of the 13th Congress of the RCP, the Romanian chemical industry will enter into a new, superior phase, increasing its contribution to the intensive development of the national economy and to the support of technical progress in all sectors of activity.

11,023

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ROMANIA

USE OF CONTRACT SYSTEM IN CONSTRUCTION-INSTALLATION SECTOR

Bucharest REVISTA ECONOMICA in Romanian No 32, 9 Aug 85 pp 18-19

[Article by Ion Strinu: "Steadfast Application of Contract System Principles in Construction-Installation, an Essential Requirement for Increasing Construction Site Labor Productivity and Reducing Investment Project Completion Time"]

[Text] To bring about substantial improvement in investment project construction activities, on the basis of the profoundly innovative ideas of the party secretary general, Comrade Nicolae Ceausescu, a decree of the Council of State last year set forth new principles for improving the organization of construction-installation units by having operations executed under a contract system.

A far-ranging analysis project has been carried out on the subject of the contract system in 2 centrals, 18 trusts and enterprises, 35 contracting enterprises, and 81 composite or specialized work brigades in 11 districts and the city of Bucharest. The analysis has been made with the assistance of the district socioeconomic organization offices and in collaboration with the economic ministries supervising construction-installation activities and the central economic supervisory agencies, to determine the action taken by construction-installation units to apply the new system and the problems arising in application of the system. The first 7 months of administration of the contract system are covered by the analysis.

Convincing Demonstration of the Advantages of the New Organization

The information assembled and the discussions held with workers, foremen, brigade leaders, and contractor and trust specialists, and also with representatives of local authorities, have shown that the new form of organization and flat-rate remuneration, which ensures direct linking of individual earnings to timely completion of investment projects, lowering production costs, and increase in labor productivity and economic efficiency in construction-installation, has proved to be an important factor in stimulating collective effort toward proper completion of plan assignments.

Thus, over the period in question the 20 corporate entities analyzed in the aggregate fulfilled the construction-installation plan to the extent of 102.1 percent, exceeding the projected labor productivity by 3.5 percent

and reducing costs per 1000 lei of output by 6.17 lei. In industrial production activities (prefabricated reinforced concrete elements, hardware, gravel products, and so forth), construction-installation units achieved an additional output of 1.2 billion lei, on the basis of a 10.7-percent increase in labor productivity above the projected figure. In addition, at the level of the sector as a whole the performance during these 7 months was higher than over the corresponding period last year. Because of the 12.6-percent increase in labor productivity, construction-installation production, representing a volume 3.6 billion lei greater in terms of value, was accomplished with a relative saving of 21,500 workers, with an increase in contractor profit recorded on this basis.

The advantages yielded by the new organizational structures have also been demonstrated on other levels. It is to be pointed out in this context that application of the new principles of organization has led to decrease in the number of intermediate levels of authority. The elimination of subdivision into a large number of plots and construction sites has made it possible to concentrate manpower and material resources in strong and well-knit units.

As against the situation prior to organization of the system, when there were 1206 construction site groups, sites, and plots active in the 20 units analyzed, 82 private enterprises and 416 work brigades are currently in operation, that is, 708 production subunits fewer than before.

The legal principles governing organization of the work brigades on a democratic basis by the brigade chief contractor have been complied with, in that agreement is reached directly with the members of the brigade. The worker collectives have demonstrated that they have set high standards for the activities of each individual; undisciplined persons who do not perform their duties are no longer accepted for employment in the work brigade.

In the course of project execution particular interest has been displayed in completing construction with the smallest possible number of workers, and accordingly in qualification of workers in related trades (fitters-carpenters; masons-tilesetters-earthenware makers; painters-whitewashers-glaziers; carpenters-prefabricated element installers, etc). For example, in the Cluj General Contract Construction-Installation Trust subordinate to the district people's council, the number of multiple-skill workers now reaches 30 percent of the total, and in the work brigades analyzed under the Iasi district trust 30 percent of the workers had multiple skills, having certificates in 2 to 3 trades. Similar situations are found in the construction trusts of Bacau and Galati districts, where 280 and 250 workers respectively completed multiple-skill qualification courses over the period analyzed, and in other units.

At the work brigade level great attention is paid to adherence to the rated material consumption amounts specified for each project and stage of completion in annexes to the flat rate contract. Greater effort to improve work quality is also observed in the new form of organization. A particular contribution is made in this connection by the district construction inspectorates (established last year), both through superintendence and

monitoring at construction sites and work stations and through guidance and instruction of technical quality control and laboratory personnel of the construction-installation units under their jurisdiction.

Inconsistencies in Creating Conditions for Efficient Brigade Operations

As was indicated by the analysis and demonstrated by later experience, the positive results recorded still have not reached the limit of what is actually possible, since the legal provisions and methodological standards regulating the new organization have not always and everywhere been applied consistently.

The composite or specialized brigades, classified by size groups, as a function of the volume of production and complexity of operations, have in the great majority of cases been staffed with the necessary specialists and management personnel. However, improper situations have also been encountered, in the form of brigades which had not yet appointed chiefs and their deputies or the management of which had been entrusted (delegated) to foremen, even though the administrative apparatus of the respective contracting enterprises and trusts had enough experienced engineers who could have filled these positions.

The new organization also requires a new approach to the problem of distribution of specialists in the functional and production structures, along with greater effort to provide management personnel above all for the production brigades. Every trust and contracting enterprise has the obligation of assigning personnel with suitable specialized training and experience in construction-installation operations to the positions of brigade chief and deputy chief in all basic units.

One of the essential principles of the contract system is that the brigades must be outfitted with everything they need to complete work under a contract. The analysis shows that the brigades have assumed administration of part of the standard equipment and tools and minor mechanical equipment. On the average, each of the 81 brigades covered by the analysis had a complement of equipment of 7.4 million lei (representing 128,000 lei per million lei of construction-installation production). Aside from this, the specialized mechanical equipment units performed equipment services for the construction brigades of an average value of 100,000 lei per million lei of construction-installation production.

It has been found, however, that some brigades and contracting enterprises have not completed the scheduled physical construction stages and commissioning of a number of projects, also as a result of deficiencies in the operations of the mechanical equipment units. For example, the Jilt Contract Mining Construction and Installation Enterprise failed to receive from the Motru Construction Transportation and Equipment Enterprise a sufficient number of machines and vehicles suited to the nature of operations. The Galati Contract Construction-Installation and Iron and Steel Repair Enterprise, in turn, experienced a shortage of necessary construction equipment during some periods because the heavy equipment enterprise in operation in this region had reassigned some of the equipment items to other enterprises

and had not ensured equipment operator discipline. In the Craiova General Industrial Contract Construction Trust, about 80 percent of the heavy equipment services performed by the construction heavy equipment and transportation enterprise was invoiced on an hourly rate basis and only 20 percent on a physical plan basis. This indicates weak effort on the part of the mechanical equipment unit to complete the physical stages and bring the equipment operators under the flat rate system.

In this connection, the chiefs of the production brigades analyzed raised the question of the need for complying precisely with the legal provisions applying to effective integration of the equipment operators in the work formations and in flat-rate contracts, so that the operators will be paid, like the other brigade members, in accordance with the work performed and the physical stages completed.

The analysis suggests that now, when construction-installation production is largely mechanized, organizational solutions must be found for transition to direct work brigade administration of construction equipment used over a prolonged period at a given work station. Similarly, the general contracting enterprise trusts subordinate to the ministries have requested that the construction heavy equipment and transportation enterprises return certain constantly used machinery and systems such as those in the concrete production cycle (preparation stations, vehicles, and casting equipment), gravel extraction, transportation, and sorting equipment, equipment used in construction material dump operations and for hauling of materials, etc.

According to the regulations established by 1962, the production brigades are responsible for full completion of work by the deadlines specified by contract, for the quality of the work, for sensible use of manpower, for ensuring multiple-skill qualification of workers, compliance with the material and energy consumption norms, maintenance and repair of equipment received, and for rigorous conservation measures in execution of construction site organization operations. The analysis has shown that, generally speaking, the brigades are dealing with these problems and are performing the functions assigned to them. Although the 81 brigades in the aggregate fulfilled the construction-installation plan for the period in question to the extent of 108.1 percent, 17 of them nevertheless failed to reach this target; 21 brigades failed to reach the projected labor productivity level, with 17 of them exceeding the assigned personnel limit.

A number of units have made a special effort to assure construction-installation work of good quality and have ensured good organization and suitable staffing of inspection activities. In the Bucharest Hydraulic Power General Contract Construction Enterprise (subordinate to the Ministry of Electric Energy), for example, there are 11 laboratories in operation at contracting enterprises, as well as 66 inspection stations in brigades and at concrete production, sorting, geotechnic, and other stations employing nearly 700 laborers and specialists.

However, there are also brigades which have not organized this activity properly, so that incorrectly cast concrete, poor quality weld seams, and fittings in wrong positions have been detected. In some instances it has even been necessary to stop and redo defective work.

Also in connection with the way in which the brigades meet their responsibilities it has been found that sometimes adherence to the material consumption norms is not verified until the work has been completed, so that effective measures cannot be taken while the work is in progress. The accounting departments of the contracting enterprises and trusts do not make certain that the limit forms (annex 4 to the flat rate contract) are forwarded and have the actual material consumption of materials for individual projects entered in them. They confine themselves merely to quarterly monitoring of compliance with norms expressed in terms of value.

Instances of lack of discipline and unjustified absences still persist in some brigades, and leave without pay is granted at times when the stage of completion requires full use of all personnel. On the other hand, there are brigades and contracting enterprises which request additional personnel in critical trades without organizing courses for multiple-skill qualification of existing workers or which carry out this process only in a perfunctory manner.

Performance of Functions at the Contractor and General Contractor Level

Most contractors, contracting enterprises, trusts, and general contractor centrals have taken action to perform the functions assigned to them by law under the new system of organization, exerting direct effort to create the conditions required to enable composite and specialized brigades reach the plan targets. For example, they have taken steps to ensure centralized supply of equipment, materials, other resources, and construction plans, along with sensible preparation for production, adaptation of model projects to local conditions, monitoring of work quality assurance, and signing of contracts and settlement for work performed. But in other units, because of deficiencies in distribution of responsibilities among departments and by levels of authority, as well as ignorance of and failure to discharge these responsibilities by contractor and trust specialists, some tasks have remained undone or have been left to the production brigades. This explains, for example, the poor effort to provide construction plans and prepare for operations.

As is known, there are situations in which commencement of operations is delayed because construction plans are unavailable. The trusts and contractors have design divisions, shops, or teams which are organized and operate under the flat rate system. But they do not always act early, in the design phase, to monitor in the specialized institutes the details of the projects to be carried out, so as to reduce to the minimum the time required for verification and approval of the projects, formulation of any objections, and design of production technologies, with a view toward preparation of documentation for signing of flat rate contracts.

There are also cases in which the specialized design institutes subordinate to the ministries delay in forwarding documentation to builders, even for projects of small value and of no particular complexity, or transmit the documents piecemeal. This has an adverse effect on the signing of flat-rate contracts for projects and on meeting deadlines for commissioning of facilities provided in the plan.

An especially important task for contractors and trusts is preparation for the execution of work, specifically, establishment of technologies and working out the details of execution, determination of requirements for materials and mechanical equipment for individual structures and physical stages, and substantiated calculation of labor consumption correlated with the task of increasing labor productivity. All these activities must precede the signing of flat rate contracts between contractors and brigades and must secure conditions for high economic efficiency and commission of planned facilities on schedule.

The analysis has shown that this task is not performed properly in some units. Although the organizational structure of the contracting enterprises and trusts includes, in addition to planning and design teams, also structural and technological design departments, departments for elaboration and introduction of new technologies, and departments for conclusion of flat-rate contracts for projects, some of these departments fail to discharge the obligations assigned to them or do so perfunctorily, assuming that in any event the production brigades will be forced to cope with the problem.

Improvement also appears to be needed as regards performance of specific functions assigned to operational departments of contracting enterprises and trusts; since organizational and operating regulations covering the new form of organization have not yet been drawn up in some units, a number of tasks are not fully known, are not performed, or are carried out by other departments or by production brigade personnel.

Elimination of all these deficiencies, steadfast adherence to the principles and requirements of the contract system, and ongoing improvement in organization of production and work at all levels--brigade, contractor, general contractor--will create favorable conditions for efficient execution of the construction-installation plan for this year, additional increase in labor productivity, and commissioning of investment projects on schedule.

6115

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ROMANIA

ACHIEVEMENTS OF AUTOMOBILE INDUSTRY REVIEWED

Bucharest REVISTA ECONOMICA in Romanian No 35, 30 Aug 85 pp 5-6

[Article by Eng Nicolae Matea, deputy director general of the Pitesti Industrial Central for Automobiles: "The Automobile Industry--a Prestigious Achievement of the Romanian Economy"]

[Text] The automobile industry has had strong development in the last two decades. Created in the years of socialism, this industry rapidly distinguished itself by the quality of its products both in the country and abroad. Today, the Romanian automobile industry achieves products of high technical complexity whose manufacture entails low consumptions of raw materials and energy, and the scientific and technical creation that they incorporate confers high value on them.

Romanian automobile production began in 1957 with the manufacture of the first four-wheel-drive car--the model M 57--at the Machine Enterprise in Cimpulung-Muscel. Although on a modest scale, this beginning provided the first elements for accumulating the experience needed in an industrial sector completely new to our country. The physical volume of production evolved slowly, reaching only 3,653 four-wheel-drive cars in 1965, made in a single construction variant.

However, the foundations of the modern automobile industry were laid after the Ninth RCP Congress, a moment of reference for the transition to the development of the peak industrial subbranches, bearers, propagators and supporters of scientific and technical progress. In accordance with the orientations contained in the documents adopted by this forum of the communists, the decision of the Central Committee of the Romanian Communist Party to turn to the production of sedans in our country was announced in May 1966, on the occasion of the first National Conference of Workers in the Machine Building Industry.

The second moment of reference consists of the inauguration of the Automobile Enterprise in Pitesti-Colibasi by Comrade Nicolae Ceausescu on 20 August 1968, marking the beginning of the manufacture of sedans on the basis of the acquisition of a French license. At first, a formative automobile (the "Dacia 1100") was made, the license proper referring to the cars in the "Dacia 1300" family, whose production began in 1969. In the initial year, the manufacture

was integrated on a national level to a degree of only 30.5 percent, but in 1976, when the license expired, it reached 95.5 percent, under the conditions of the providing of a production capacity of about 55,000 cars. The later developments helped, on the one hand, to double the production capacity and, on the other hand, to integrate almost completely (99.9 percent) the manufacture of the materials, components, parts and subassemblies that make up the current "Dacia."

In the evolution of the production of four-wheel-drive cars, two moments are characteristic. It is a question, first, of the beginning of the manufacture of the cars in the "Aro 240" family in 1972 and, second, of the beginning of the manufacture of a new family--the "Aro 10"--in 1981. Both above-mentioned families have as a basis the original conception of the Romanian producers.

The transition to the manufacture of the "OLTCIT" small-displacement cars, with the first of this type being assembled in 1982, also represents a significant moment in the evolution of this industrial subbranch. The scientific, technical and production potential accumulated by our country at the level of both the subbranch and all industry made it possible to turn to international cooperation in the production and marketing of cars through a joint company.

The quantitative and qualitative evolution of Romanian automobile production is expressed synthetically by the data in the graph and reflects faithfully the very moments to which we referred above. The average production per 10,000 inhabitants rose from only 1.9 units in 1965 to nearly 57.2 units in 1984. From the angle of this indicator, the achievements in our country are higher than those registered in 1982 in the USSR (48 units) and close to those in Poland (63 units).

Along with the increases of a quantitative nature, the production of automobiles has been diversified continually. From the manufacture of a single variant in a family of four-wheel-drive cars, as was done in 1965, we attained in 1984 the production of 4 families in 17 construction variants (2 families of sedans in 8 variants and 2 families of four-wheel-drive cars in 9 variants). To them are also added the annual models as well as many variants of equipment and air conditioning needed for coping with the diversity of the requirements of the foreign market.

At present, three industrial enterprises (the Pitesti IA [Automobile Enterprise], the Cimpulung "ARO" IA and the Craiova "OLTCIT" Joint Company) perform their activity in the production and assembly proper of Romanian cars. But 3 more industrial enterprises specializing exclusively in the manufacture of parts and subassemblies incorporated into such goods are directly involved in the sphere of automobile production; besides them, over 100 industrial enterprises also contribute to the manufacture of cars. The potential accumulated by our country in this sector must thus be judged also through the creation and development of a horizontal industry compatible with the requirements for raising the degree of integration of manufacture on a national level.

Other types of economic units have also been created in the "orbit" of the Romanian automobile, in accordance with the effects of stimulation that the

subbranch has on the whole of the national economy. We are referring, in particular, to the Center for Scientific Research and Technological Engineering, set up on the Pitesti-Colibasi platform, with branches in Cimpulung, Oradea and Timisoara, whose technical facilities (systems for interactive design and for simulation, automatic stands for the majority of the subassemblies of the automobile, parts for impact and durability, and so on) permit it to respond to the requirements for conception and tests on automobiles. This unit has had and has an essential role in the redesign of components, subassemblies or materials with a view to the reduction of importation, in the achievement of construction and technological redesigns for modernizing and increasing the degree of comfort of the cars, and so on.



Figure. Sedans (Thousands of Units)

At the same time, the growth in the degree to which the households of the domestic population are equipped with cars and, implicitly, in the fleet of such goods has generated new requirements in the field of keeping them in operation and of technical assistance. The coordination of such activities is achieved, from the perspective of the automobile producers, through an enterprise specializing in services and technical assistance, possessing a territorial network of units.

In the last 10 years, the automobile industry in our country has undergone an extremely intense investment process aimed both at the modernization of production capacities and at the expansion of them and the creation of new ones; the results of this process are the basis for the rates of growth proposed for the ensuing periods. The achievement of 190,000 sedans is planned for 1985, with an increase of 82,800 units in comparison with 1984. Together with four-wheel-drive cars, the production achieved will put Romania in third place among the socialist countries producing such goods.

Along with the increases of a quantitative nature in automobile production, the further diversification of it is also planned for the next 5-year period; in comparison with the level achieved in 1984, an increase of 155,000-175,000 cars in annual production is foreseen by 1990. On the one hand, this increase has as a basis the securing of the complete utilization of the existing capacities, including by introducing into manufacture a new type of "Dacia" automobile of Romanian devising; on the other hand, on the initiative of the higher party and state leadership and Comrade Nicolae Ceausescu personally, the foundations have been laid and production will soon begin at a new facility at the Automobile Enterprise in Timisoara, specializing in the production of popular cars of very small displacement, a result of the creation of the researchers at the Pitesti Center for Scientific Research and Technological Engineering for Automobiles and the Bucharest National Institute for Heat Engines.

In the new stage of development, the investments allocated to the units subordinate to the specialized central will be oriented particularly toward the modernization of the existing production capacities, with the main accent being put on the automation and cybernation of the manufacturing processes. Thus, the first automated lines, equipped with industrial robots of Romanian devising for assembling the body, will be put into operation at the Pitesti IA. In addition, the painting of the body will be robotized, the operations of heavy pressing will be highly mechanized, and the big manufacturing series (resulting from the typification of the subassemblies) will permit the introduction of automatic transfer lines into the manufacture of engines, gearboxes and so on.

The attainment of the objectives of a quantitative nature and of those concerning the diversification of production will confer new dimensions on Romania's participation in international economic exchanges through the products of the automobile industry. However, it must not be overlooked that the automobile industry is one of the industrial sectors that assimilate scientific and technical progress the most rapidly and that extensive changes are continually being made. The maintenance of a level of competitiveness or the raising of it entails the involvement of specialized scientific research and technological engineering to a greater extent in the process of developing and modernizing the Romanian automobile industry, which presupposes the necessity of acting convergently, within the framework of a long-term strategy, in the following directions:

a) The orientation of the efforts of the specialists not toward activities of execution in the current manufacture of the types of cars assimilated but, in particular, toward activities of conception. After all, it is known that in all the peak industrial subbranches the maintenance of competitiveness is not possible by improving old generations of products but by designing and assimilating into manufacture completely new types, with higher performances, at a rate of renovation of production compatible with that imposed by the requirements of the world market;

b) The improvement and modernization of the technical facilities of the research units involved, in accordance with the requirements specific to the design of new generations of cars;

c) The expansion of the collaboration, within the framework of programs of scientific research and technological engineering, with other units especially for attaining the objectives concerning the use of electronics in Romanian cars, the reduction of their weight by changing the spectrum of materials utilized, the securing of economic optimality in the new construction solutions, the improvement of the design, and so on;

d) The intensification of the efforts of interdisciplinary scientific research with a view to combining the solutions for design of the new products with those for manufacture, marketing and maintenance (service) of them. It is known that the level of competitiveness of products is not given just by the quality of the manufacture, meaning by this the conformity with the standards, but is influenced by a multitude of factors that operate throughout their economic lifespan.

12105

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ROMANIA

DIVERSITY, QUALITY OF TRACTORS, FARM MACHINES

Bucharest REVISTA ECONOMICA in Romanian No 32, 9 Aug 85 pp 7-9

[Article by Ilarie Munteanu: "The Tractor and Farm Machinery Industry--Diversification, Quality, Competitive Ability"]

[Text] It is an undeniable fact that Romania has experienced vigorous economic and social development, becoming an agroindustrial country with a strong modern industry and advanced socialist agriculture over the period which has elapsed since 23 August 1944, and especially over the 2 decades since the 9th Congress of the PCR [Romanian Communist Party], at which Comrade Nicolae Ceausescu was chosen to head the party. Consistent promotion of the policy of socialist industrialization of the country, leading to the creation of modern industrial structures capable of meeting the most varied machinery, equipment, and plant needs of the entire national economy, has permitted harmonious development of all sectors of activity.

Agriculture is one of the basic sectors of the economy receiving the full benefit of this policy. This is a sector in which the vigorous and rapid development of production has been and continues to be based on priority programs for the development of a strong tractor and farm machinery industry, which today is capable of marketing a wide variety of such products, in different types and sizes, for the entire spectrum of agricultural operations.

Competitive, High-Performance Products

The manufacture of Romanian tractors, which began nearly 40 years ago, has undergone continuous development and diversification, especially since the 9th PCR Congress, under the direct guidance of the party secretary general, Comrade Nicolae Ceausescu. The 4 types produced in 15 versions in 1965 have now grown to more than 50 types of tractors with a power ranging from 26 to 550 horsepower, in more than 300 alternative designs. In the last 20 years alone, Romanian industry has produced about 1 million tractors designed for a variety of uses in agriculture, construction, transportation, forestry, mining, the petroleum industry, etc. They are capable of accomplishing a wide range of operations, and are characterized by high performance features making them highly regarded both in Romania and abroad.

In response to domestic needs and the demands of foreign customers, specialized enterprises in Brasov, Miercurea Cluc, Craiova, and elsewhere are

manufacturing and delivering a wide variety of farm and industrial tractors, the marketing of which requires their confinement to major categories based on power class and purpose, considering the great variety of types. There are accordingly 5 major categories: 26-38-horsepower wheeled farm tractors, in a general-utility version, tractors with high bottom clearance for truck gardening, and 4-wheel-drive tractors for orchards, sandy soil, and hillsides; wheeled and tracked 45-62-horsepower farm tractors in 7 standard sizes, some of them general-utility tractors and others designed specifically for truck gardening or work on hillsides (among which mention should be made of narrow and low-slung tractors for vineyards and orchards, saddle tractors, and 4-wheel-drive tractors); 65-100-horsepower tractors designed for basic soil working operations, in 2-wheel-drive and 4-wheel-drive versions, capable of developing traction forces of up to 2500 DaN, and ones on semiflexible tracks developing a traction of up to 3000-4000 DaN at 5-6 kilometers per hour; 180-240-horsepower farm tractors with 4 equal driving wheels and mounted on an articulated chassis, for heavy soil working operations on large plots of land; and 45-550-horsepower 2-wheel-drive and 4-wheel-drive and tracked industrial tractors outfitted with different items of equipment specific to the operations for which they are used.

Romanian tractors today enjoy a good reputation both in Romania and around the globe, because of their high performance, easy maneuverability, high efficiency and quality of operation, and the possibility of use with farm machinery built in other countries. They have a wide variety of optional equipment available (reverse gear, front loader, loading, hauling, and digging devices, hydraulic lifts, power take-offs, etc) enabling them to perform a wide variety of tasks.

Design Diversity, A Basic Feature of Farm Machine Production

Strictly in keeping with the needs imposed by the development of agriculture and increase in output in this basic sector, particular attention has been devoted to development of a strong farm machinery and equipment sector in the machinebuilding industry. Credit must unquestionably be given to our party and personally to its secretary general, Comrade Nicolae Ceaușescu, for the fact that the Romanian machinebuilding industry today turns out, both for domestic needs and for foreign customers, more than 400 types of farm machinery and equipment designed to perform a wide range of field and livestock raising operations and characterized by high efficiency and low energy and fuel consumption.

The establishment, development, and specialization of appropriate enterprises, medium-sized concerns with modern organization and outfitted with high-productivity machinery and equipment, have permitted conduct of production based on a high degree of standardization and of products characterized by even higher performance. For example, in the area of soil working machines adjustable plows are produced with 2 bottoms in an integral version and with up 8 bottoms in a semi-integral version, as well as reversible plows, plows for deep plowing or fallowing, and specialized plows for vineyards and orchards.

A wide range of harrows and cultivators is manufactured for seedbed preparation for seeding or planting, from bladed or star harrows to integral

or tractor-drawn disk harrows, with working widths of 1.2 to 7 meters and disks with a diameter of 460 to 810 millimeters. Combination machines of the cutter plus drill type are produced for more difficult seedbed preparation conditions, to carry out simultaneous working of the soil and planting grass or bread grain seeds.

Combination cultivators with working widths of 4 to 8 meters and equipped with sweptback blades or with cultivator points and with helical-blade harrows are manufactured for breaking up and levelling the soil for seeding, and for seeding operations mounted drills are produced for grains and grasses, with a spacing of 12.5 millimeters between shares and with a total working width of 2.6, 3.6, and 6 meters. Mounted drills are manufactured for the sowing of row crops (corn, sunflower, soya, beets, etc); they are characterized by high precision and productivity and operate on 5, 6, or 12 rows, with the spacing adjustable from 45 to 100 centimeters, depending on the crop. A recent breakthrough in this area is a high-precision drill for direct sowing in unplowed soil, promoting modern technologies of applying the minimum tillage system. Along with sowing, all combination drills permit administration of granulated fertilizer or weed killers on rows of plants.

In the area of fertilizer equipment, Romanian industry manufactures high-capacity centrifugal machines, mounted and tractor-drawn, for spreading solid chemical fertilizers, as well as barnyard manure spreading machines, with capacities of 5 tons or 1-2 tons for vineyards and orchards. Similarly, various types of cultivators for weeding along 4 to 8 rows are built for crop maintenance, as well as combination cultivators and cutters for maintenance of vineyards and orchards, with different spacing between rows. A wide range of mounted or tractor-drawn machines designed for preemergence and postemergence application of weedkillers and machines for spraying and dusting or for combined treatment are also produced for control of farm crop diseases and pests.

A large share of the volume of Romanian farm machinery output is made up of equipment designed for the harvesting of various crops. The Gloria C 12 M general-purpose self-propelled combines have met with notable success both in Romania and abroad. They can be delivered with 3.1-3 and 6-4.2-meter cutting tables and with a variety of optional equipment for grain crops, rice, and grain corn or in a special version for hillside operation, with an automatic horizontal position control system. Special self-propelled combines are also manufactured for harvesting corn and husked corn cobs along 4 and 6 rows. A wide range of equipment is produced for harvesting fodder crops, such as manually operated power mowers with a working width of 1.6 meters, self-propelled 32-horsepower mower-rake combinations for slopes, tractor-mounted rakes covering widths from 1.8 to 3 meters, self-propelled combines for harvesting fodder crops, and other equipment. This product range is rounded off by a conventional press for molding rectangular bales of hay and a press for molding round bales. As regards the harvesting of industrial crops, vegetables, and fruits, the range of machinery produced includes a number of items of equipment characterized by simplicity and dependability and permitting partial or complete mechanization of harvesting operations.

In the area of specific equipment, Romanian industry can supply complete equipment for crop irrigation, fixed pumping stations of varying capacity powered by electricity or thermal engine, routine irrigation equipment with transportable motor pumps, and irrigation systems with automatic lateral adjustment, systems vehicle-drawn lengthwise, or ones in which the pipes and sprinklers are moved by hand.

The assortment of farm machinery and equipment is supplemented by a wide range of equipment designed for operating process and routine transportation in agriculture. This equipment includes trailers of varying capacity, from small, single-axle, 2-ton trailers for use with 30-40-horsepower tractors to 5, 7, and 12-ton trailers for high-power tractors and for coupling to trucks, etc.

Amplification of Production and Scientific Research Potential

The ongoing quantitative and qualitative increase in Romanian tractor and farm machinery production, recorded primarily over the last 20 years, the intensive product diversification, and the manufacture of highly dependable products would have been impossible without suitable orientation of investment policy and without creation of a strong engineering, technological, and manpower potential capable of resolving all problems connected with the conduct of modern, efficient manufacturing processes. Thus, in the area of tractor production and in manufacture of machinery and equipment the goal has steadfastly been aimed at outfitting the enterprises concerned with high-output modern machinery and equipment (integrated machines operating on the basis of automatic or semiautomatic programs, complete automatic or semiautomatic production lines, etc). The following is a significant example in this context. While 20 years ago there were only three automatic production lines at the Tractorul Enterprise in Brasov (cylinder head, engine block, and rear axle production lines), today there are more than 15 automatic lines and sections of lines imparting high engineering and technological potential to the manufacturing process.

While still on the subject of tractor production, we should note that more than 12 billion lei has been invested over the last 10 years to create modern facilities for manufacture of tractors or subassemblies and components made in specialized production units (injection pumps, hydraulic systems, rims, cabins, etc). Similarly, there has been intensive development of the production of utility vehicles over this period, so that equipment, integrated machines, and automatic line sections of a value exceeding 300 million lei are currently produced. A great number of them have been designed and produced at the Tractorul Enterprise in Brasov, which has extensive engineering and manpower capabilities in this area. This has made it possible to outfit tractor manufacturing enterprises with special and specialized machine tools, integrated machines, or transfer lines within an extremely short period and to save a significant amount of foreign currency resources.

Particular attention has been devoted to establishment and development of a strong technological research and development base. This base is now capable of orienting tractor and farm machine manufacture in the direction of

turning out highly competitive products meeting the requirements of customers. For example, while at the beginning of operations all research and development activities in tractor design were conducted by a specific division of the enterprise itself in Brasov, today, as a result of the constant attention devoted by our party and by Comrade Nicolae Ceausescu personally to research and development activities, our tractor and farm machine industry has strong research and development and production engineering institutes and centers organically linked to specific enterprises and collaborating with agricultural engineering institutes in the designing of equipment fully meeting the requirements set for creating a modern and highly efficient agriculture.

Impressive Showing on International Markets

The growth and diversification of tractor and farm machine production and the ongoing improvement in product quality and performance have indirectly created a strong export potential. Romania is represented on all continents today by the products in this field supplied to foreign customers. Exports of tractors and farm machines, which began in the 1950's, have developed continuously, making Romania one of the 10 leading exporters of this equipment throughout the world. Around 80 percent of the yearly tractor output of the country and 25 percent of the farm machine output are exported, to nearly 100 countries on all continents. More than 650,000 Romanian farm tractors and about 400,000 farm machines are in use in Europe, Africa, Asia, North and South America, and Australia. New forms of marketing and cooperation are being vigorously promoted in the area of exports. One significant example is that of the building of tractor assembly lines by Romania in nine countries, along with suitable provision of servicing and spare parts. The performance and dependability of Romanian tractors and farm machines, which compete with similar products made by recognized companies in the field, being characterized by superior performance, high quality, ease of handling, safety, and efficiency in operation, low fuel consumption, etc, are confirmed by the certificates received from testing institutions of world standing in France (CNEEMA), the Federal Republic of Germany (Kraftfahrt-Bundesamt), Canada (Saskatchewan), the United States (Nebraska), etc. The Romanian "Universal" tractors and farm machines have also received a number of awards of which any manufacturer might be proud, prizes awarded at events and meets in the United States, France, Spain, Iran, Egypt, etc, and many certificates and gold medals received at various international fairs (Cairo, Brno, Lima, Zagreb, Leipzig).

As is provided by the directives of the 13th Party Congress, the production of specifically agricultural machinery and equipment will in the future ensure the outfitting of this sector with multipurpose equipment, with all tractor production modernized and standardized to increase efficiency and lower fuel consumption. The entire system of farm machinery will also be enlarged and diversified so as to ensure future mechanization of all farming operations. By the end of the next five-year plan, agriculture will have at its disposal 180,000 tractors and a system of high-productivity machines which will perform several operations simultaneously.

ROMANIA

RAILROAD CAR EXPORT ACTIVITY EXAMINED

Bucharest REVISTA ECONOMICA in Romanian No 32, 9 Aug 85 pp 10-11

[Article by Ioan Stefan: "Responsible Approach to Export Tasks, Coordination of Product Updating Policy Based on Marketing Research Programs"]

[Text] The efforts to keep the list of export products in tune with world market trends on the basis of marketing studies identifying new opportunities, new export markets, have proved to be necessary and useful, especially in the case of complex products in the area of mechanical engineering. The conduct of a far-ranging marketing study in the area of railroad rolling stock by combined research groups made up of specialists of the 23 August Enterprise in Bucharest and engineering and economic research specialists has resulted in concentration of attention on railcars among the many development strategy alternatives. The railcar today represents a modern solution for rapid, comfortable, and efficient passenger transportation on long-distance routes.

The existence of substantial domestic demand and of potential export markets argue in favor of this product. The experience gained thus far by specialized research and development units and production organizations and in the horizontal railroad rolling stock subcontract supply industry provides the conditions for start-up within a relatively short period of manufacture of these new and highly complex vehicles, which in the future will be among the basic products manufactured by the 23 August Enterprise in Bucharest.

In what follows, to give an example of the kind of information obtained by research, we deal with certain relevant aspects of the marketing study prepared by specialists of the Institute of World Economy in collaboration with engineering and economic personnel of the manufacturing enterprise.

One of the First World Exporters of Railroad Rolling Stock

Investments in the development of railroad transportation are regarded in the current energy crisis as investments in energy conservation. In Romania the general strategy currently pursued and advocated for the future is for railroad transportation to absorb the highest volume of traffic and for motor vehicle transportation to be developed to provide for distribution and collection of freight.

The Romanian railroad rolling stock fleet has been considerably enlarged and modernized, both through improvement in its technical and economic parameters and through abandonment of steam traction in favor of diesel and electric traction. Romanian freight and passenger car production meets more than 90 percent of domestic needs and at the same time creates substantial surpluses for export. The production facilities established have made Romania one of the three leading railroad car producers in Europe and one of the foremost railroad car exporters in the world.

The bulk of rolling stock output is produced at the Industrial Central for Technological Equipment and Rolling Stock (CIUTMR) in Bucharest, along with its representative units, the 23 August Enterprise in Bucharest for diesel hydraulic and diesel electric locomotives, the Arad, Drobeta-Turnu Severin, and Caracal railroad car enterprises for passenger and freight cars, the Bala Axle and Truck Enterprise, the Drobeta-Turnu Severin Mechanical, Accessory, and Pump Enterprise, and the Brasov Hidromecanica Enterprise and Bucharest Timpuri Noi Enterprise for Hydraulic transmissions and air compressors. A contribution to railroad rolling stock production is also made by the Industrial Central for Power and Metallurgical Equipment in Bucharest, the Caransebes Machinebuilding Enterprise (which produces axles and trucks for locomotives) and the Resita Machinebuilding Enterprise (diesel engines), and also by the Industrial Central for Electrical Engineering in Craiova, the Electroputere Enterprise (electric and diesel electric locomotives) and the Industrial Central for Petroleum, Chemical, and Mining Equipment in Ploiesti, and the Unio Enterprise in Satu Mare (mine locomotives). An important place in railroad rolling stock production is held by the research and development institutes in this field, which have the task of ensuring ongoing improvement and modernization of the rolling stock manufactured in Romania, as well as start-up of the manufacture of equipment in demand on the domestic and/or foreign market.

The product range of national railroad rolling stock includes passenger coaches of different sizes (36 and 80 seats; double-decker suburban transit cars, sleeping and dining cars, and baggage and mail cars), freight cars with 2, 4, and 6 axles, open-bodied and roofed, for normal and special transportation, freight cars with 8 to 26 axles for hauling heavy or out-sized freight, transcontainer cars, cars for fungible commodities, 25-40 cubic meter dumpcars, and 30-90 cubic meter tank cars.

The vigorous development of railroad car production in Romania has created the conditions needed for active participation in international trade in this area, in particular as an exporter. In recent years Romania has been among the six leading world exporters of passenger coaches and has been second (after the German Democratic Republic) among the socialist countries. In 1982 its share of world exports of such cars was 4.76 percent.

From the structural viewpoint, Romanian passenger coach exports have consisted especially of luxury-class coaches. During the current five-year plan, the central has exported on the average 70 percent of its total physical output of passenger coaches (the share of exports in total output in 1982 was 80 percent for the German Democratic Republic, 32 percent for France, and 95 percent for the Federal Republic of Germany). Although in

recent years there has been a decrease in the physical volume of exports in terms of quantity, there has been steady progress in terms of value. The unit value of railroad cars has risen, on the basis of the quality level and better utilization of materials. This is a direction in which sustained effort must continue to be applied, since these parameters exert a direct effect on the competitive ability of Romanian railroad cars on the foreign market.

The quality of Romanian-made railroad cars is checked on special test stands, under both static and dynamic conditions, including simulation of speeds of 300 kilometers per hour for computer determination of equipment reliability and the fatigue threshold of materials subjected to impact loading. Rigorous quality control assures compliance with international standards in the field of railroad transportation and satisfaction of specific requirements set by customers.

The geographic orientation of Romanian passenger coach exports is characterized by service to a wide area spanning four continents.

As regards international freight car trade, over the last 10 years it has clearly been dominated by three countries, France, Poland, and Romania. The ranking of these countries changed each year until 1980, when Romania moved into first place with substantial shares of world exports, 27.5 percent in 1980, 25.6 percent in 1981, and 39.0 percent in 1982. As a result of the steady growth of Romanian freight car exports, both in terms of quantity and especially qualitatively and structurally, Romania has come to be one of the foremost producers and exporters in the field, marketing products in more than 20 countries throughout the world. With exports representing more than 68 percent of output in 1982, Romania was ahead of Poland (40 percent), France (64 percent), and the Federal Republic of Germany (17 percent). The principal markets for Romanian freight cars over the 1975-1983 period were the USSR, Hungary, the German Democratic Republic, Poland, Czechoslovakia, Brazil, Argentina, Syria, Iraq, Egypt, Indonesia, the United States, and Greece. As in the case of passenger coaches, one of the major implications of the priority orientation of freight car output toward export is the particularly great importance assumed by thorough knowledge of the requirements and demands of the foreign market, as well as the need for prompt compliance with these requirements so as to make exports as competitive as possible.

As regards locomotives, about one-third of output has been marketed abroad over the last 20 years. The share of exports of locomotives of various types in total exports of rolling stock nearly tripled over the 1970-1980 period. Romanian locomotives are currently part of the railroad rolling stock fleets of the following countries.

Diesel hydraulic locomotives: Bulgaria, Poland, Czechoslovakia, Hungary, Vietnam, Democratic People's Republic of Korea, Yugoslavia, People's Republic of China, Syria, Mozambique, Costa Rica, Greece, Turkey, Egypt, Nigeria, Tunisia, Iraq, Bangladesh, Austria, Switzerland, United States.

Diesel electric locomotives: Poland, People's Republic of China, Bulgaria.

Electric locomotives: Yugoslavia, People's Republic of China.

The problems raised for the industrial central, the manufacturing enterprises, and the exporter are those of the products to be made in the future, the direction in which demand on the world market is heading, and justification for railcar production. Following are some of the possible answers given by the study.

An Expanding Market

Initially designed to serve passenger rail traffic in suburban areas, railcars in different structural versions (with heat or electric engines, with articulated or separate coaches, standard or double-decker, etc), with improved performance features (power, traction, speed, weight, energy consumption, size), and of modern design, have had their range of application gradually widened and have been encountered with increasing frequency not just on secondary lines with low traffic but even on main long-distance lines characterized by very high passenger traffic density.

Railcars have shown that they can successfully solve the thorny problems of passenger transportation in large urban and suburban population centers. This explains the growing attraction they have for railroad administrations and mass transit enterprises in an ever greater number of countries throughout the world and the relatively high level of international trade in this field. On the other hand, railcars have a similar attraction for rolling stock manufacturers, who see in the manufacture of products of this kind an efficient direction of specialization, both from the viewpoint of securing orders to employ capacity to the full and from that of the higher degree of utilization of material, energy, and human resources which railcars ensure relative to other categories of railroad rolling stock, freight cars, passenger coaches, and even locomotives. It suffices to point out in this context that railcars sold on the international market bring specific prices ranging from approximately 5,000 to 34,000 dollars per ton. These prices are comparable to those received for diesel locomotives (3,000-30,000 dollars) and higher than those obtained for conventional locomotives (2,000-18,000 dollars) and passenger coaches (2,000-21,000 dollars). The gap between the average specific minimum and maximum prices is obviously determined by the export product structure from the viewpoint of standard sizes, power classes, equipment, and range of uses.

In keeping with the trend toward extension of railcar use in short and medium-distance runs and with the increasing demand in this field, the world railcar production was characterized over the 1975-1984 period by high stability and slight growth ranging from 2,500 to 3,000 units per year.

As we have pointed out, railcar manufacture is distinguished above all by its high engineering level, this explaining the high level of use of these products. At the present time, ranking as one of the world leaders in railcar production can be gained only by countries and companies which successfully utilize the latest achievements of scientific and technical progress and market products outstanding not only for faultless quality of workmanship but also for outstanding performance and appearance.

In connection with specialization and cooperation among companies it is to be noted that companies which produce passenger coaches or locomotives

generally manufacture railcars, since the latter are on the borderline between the two categories of products. There are also instances in which aviation companies produce railcars, but in view of the great complexity of this specialized production most often manufacture takes the form of assembly of components supplied by other firms whose basic production structure is made up, for example, of trucks, traction engines (diesel or electric), transmissions (mechanical, hydraulic, electric), braking equipment, electrical equipment, interior fittings, etc.

Why the Railcar Option?

Considering the potential available to Romania in the production of railroad rolling stock (the 23 August Enterprise in Bucharest and the Electroputere in Craiova have already turned out an initial series of diesel and electric railcars), we are fully justified in saying that the preconditions exist for suitable organization and development of railcar production in Romania as well. This could ensure increase in the competitiveness and efficiency of Romanian exports in the area of railroad rolling stock, along with modernization of domestic railroad transportation, in keeping with the trends observed throughout the world. It must be remembered that there is close collaboration between manufacturers and national railroad administrations in industrialized countries. Such collaboration would be extremely welcome in Romania, between the Romanian Railroads division of the Ministry of Transportation and Telecommunications and the Research and Development Institute for Transportation and Telecommunications in Bucharest, on one side, and the industrial centers or manufacturing enterprises and research institutes in the area of rolling stock, on the other.

To be able to enter into the international division of labor in this field and occupy the most advantageous position possible in it, by turning out railcars which are highly competitive from all viewpoints, the decision making authorities must examine the specific organizational measures required for such manufacture. In the light of the experience of major railcar producers, we think the following are advisable: design and production of families of diesel and electric railcars, both light ones for short distances and high-capacity and high-speed ones for long distances; organization, at the appropriate level, of deliveries to horizontal industry of materials and components (horizontal diesel engines, air suspensions, braking equipment, electronic control and monitoring systems, etc) required for railcar manufacture; bringing railcar performance and appearance characteristics (empty weight, capacity, speed, acceleration-deceleration, maintainability, reliability, finish, design, and comfort) up to the level achieved by the major competing foreign firms; adoption in railcar building of light load-bearing structures (such as those based on large extruded sections of aluminum alloys); optimization of railcar production costs by resorting to computer aided design and manufacture and adoption of the principle of modular construction with standardized elements; assurance of faultless railcar quality by promoting assembly exclusively of rigorously tested components and by checking products on test stands and loop lines; and suitable organization of activities for promotion of railcar exports (following testing on Romanian railroads), proper attention being devoted to all stages, from market surveys, dispatching for tests, including ones based on leasing, and advertising to marketing and servicing operations.

By applying the measures listed we can expect to turn out products representative of the engineering level reached by Romania over the last 20 years. Such action would be in harmony with the ideas and guidelines for all-round progress by the country worked out the the secretary general of the party, Comrade Nicolae Ceausescu.

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YUGOSLAVIA

SLOVENE MEETING DISCUSSES ECONOMIC SITUATION, PROBLEMS

LD241628 Belgrade TANJUG Domestic Service in Serbo-Croatian 1353 GMT
24 Sep 85

[Excerpts] Ljubljana, 24 Sep (TANJUG)--The results achieved in the past 8 months in the Slovene economy show that it will not be possible to achieve all resolution targets by the end of the year in some fields. This primarily refers to industrial production, which is on the edge of stagnation and whose total growth over 8 months is modest and amounts to only one percent, and to the increase of stocks and very low productivity growth.

This was stressed today at a session of the Chamber of Associated Labor of the assembly of the Socialist Republic of Slovenia, where reference was made to the most recent trends in the republic's economy, and particular attention was devoted to the draft law on alterations and amendments to the law on protection at work.

In Slovenia, in economic relations with foreign countries, total exports and exports to convertible currency markets until the middle of this month have risen by 5 percent, while the total imports have risen by 4 percent. Considering that in the second half of the year more than half of the total exports are always realized, it is believed that the envisaged export volume will be realized. It was also established that with the help of the stimulative measures in economic policy and a speedier restructuring of production, organizations of associated labor could achieve much better results.

The delegates of the Chamber of Associated Labor did not uphold the draft law on altering and amending the law for the provision of assets and financing for the program of building the Yugoslav section of the Titograd-Skoder railway in 1982, 1983, and 1984 because it was, among other things, judged that the proposed draft widened the adopted program for building this railway.

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YUGOSLAVIA

BRIEFS

YUGOSLAV-AUSTRIAN TRANSPORTATION--Belgrade, 29 Sep (TANJUG)--Chairman of the Yugoslav Federal Committee for Transport and Communications Mustafa Pljakic and Austrian Transport Minister Ferdinand Lacina met here today for an exchange of views on bilateral cooperation in transport. They pointed to the need for Austria and Yugoslavia to continue cooperation for improving the highways which pass through the two countries and link Western and Northern Europe with Greece and the Middle East. Lacina also expressed Austria's interest in using Yugoslav port facilities to a greater extent. Both sides assessed that the completion of the tunnel through the karavanke (Karawanken) mountains will increase the flow of passengers and goods between the two countries. [Text] [Belgrade TANJUG in English 1403 GMT 29 Sep 85]

KOSOVO DROUGHT DAMAGE--Owing to the prolonged drought, agriculture in Kosovo suffered damage estimated at over 27 billion dinars. Losses by corn-growers is estimated at 7.5 billion dinars, sunflower growers estimate their loss at 421 million dinars, sugar beet growers' losses are 729 million dinars, and tobacco growers suffered losses of 720 million dinars. Considerable damage was also suffered in the horticultural sector and vineyards. [Excerpt] [Pristina Domestic Service in Albanian 1700 GMT 7 Sep 85]

AGRICULTURAL COOPERATION WITH PANAMA--Panama, 15 Sep (TANJUG)--Exceptional possibilities exist for the development of cooperation between Yugoslavia and Panama in the field of agriculture, representatives of the Yugoslav Embassy to Panama and of Panama's Bank for Agricultural Development (BDA) have assessed. Panamanian businessmen have shown interest in cooperation with the Yugoslav maize research institute of Zemun, since the conditions for growing of this crop are very favourable both in Panama and other Central American countries. The talks also pointed to the possibility of joint ventures in agriculture, including the manufacturing of agricultural machinery, particularly tractors. An exhibition of Yugoslav agricultural products to be held next November in Panama, and Yugoslav participation in an agricultural fair in Panama in 1986 are expected to significantly contribute towards upbuilding the two countries' economic cooperation. [Text] [Belgrade TANJUG in English 0956 GMT 15 Sep 85]

CZECHOSLOVAK CHEMICAL PLANT--Belgrade, 25 Sep (TANJUG)--Montinvest of Belgrade and Tehnoeksport of Prague have signed a 28-million-dollar contract under which the Yugoslav partner will assemble the equipment in a new Czechoslovak chemical plant in Litvinov. Assembly will be carried out by Termoelektro of Belgrade and Zavarivac of Vranje Enterprises. This is the second plant to be built in Litvinov by Yugoslav firms. In 10 years of cooperation with Czechoslovak partners, Montinvest has carried out projects worth about 100 million dollars. [Text] [Belgrade TANJUG in English 1327 GMT 25 Sep 85]

AUSTRALIAN TRADE DEFICIT--Belgrade, 25 Sep (TANJUG)--Yugoslav-Australian trade in goods and services valued 104 million dollars in the first half of the year. Yugoslav exports accounted for 16.5 million dollars, and imports for 87.5 million. Yugoslav imports from Australia consist mostly of large quantities of wool and cotton whose prices contribute in great measure to the two countries' unbalanced trade. A delegation of Australian businessmen will visit Yugoslavia soon to learn more about the export potentials of Yugoslav enterprises. Their Yugoslav colleagues are hopeful that the visit will help to decrease the current disproportion in the two countries' trade. [Text] [Belgrade TANJUG in English 1325 GMT 25 Sep 85]

SLOVENIA UNEMPLOYMENT--Not only in Yugoslavia, but in the world at large, Slovenia holds the record for the smallest number of unemployed people. This grave social problem has been avoided in this republic for decades. During the first half of this year only 13,000 citizens in Slovenia were looking for a job. The number of people employed in Slovenia is 800,000, and just over 14,000 people are looking for work, which is a very low figure. Even among this group many could get employment if they were to be retrained, because the economy needs new workers. The Federation of the Employment Associations is forecasting that the number of unemployed people in Slovenia will not substantially change in the future. The Federation has established that 68 percent of the workers in the republic are engaged in one shift work only. [Excerpts] [Zagreb Domestic Service in Serbo-Croatian 1300 GMT 10 Sep 85]

TURNOVER AT RIJEKA--Rijeka, 3 Sep (TANJUG)--Four million 213 tonnes of goods were reloaded at the biggest port of Rijeka (northern Adriatic) from January to the end of July this year. This is 200,000 tonnes more than in the same period last year. The port of Rijeka is expected to make a 7-million-tonne turnover by the end of the year, of which reloading of goods for partners in Austria, Hungary, and Czechoslovakia will account for a considerable part. Last year, the turnover at port Rijeka totalled 6.6 million tonnes of goods. [Text] [Belgrade TANJUG in English 2310 GMT 3 Sep 85]

EMPLOYMENT FIGURE RISES--Belgrade, 24 Sep (TANJUG)--At the end of last June Yugoslavia had 6,408,600 employed in the social sector, the economic sector accounting for 5,324,100 and other than the economic sectors for 1,084,500. Compared with June of last year, this is an increase of 2.8 percent. In 1980, Yugoslavia had 5,681,000 employed in the social sector--4,709,000 in the economic and 972,000 in the non-economic sectors. In

the June 1984-June 1985 period, ready-to-wears production, where now there are 274,600 employed, had the highest number of the employed. The highest rise in employment over the same period--176.9 percent--was recorded in the raw materials extraction and processing branch. Employment has also considerably increased in the mining, iron and steel and leather industries and in the air transport sector. The employment figure has declined in building materials and animal fodder production, water resources management and the secondary and higher education sectors. [Text] [Belgrade TANJUG in English 0635 GMT 24 Sep 85]

YUGOSLAVS WORKING ABROAD--Belgrade, 25 Sep (TANJUG)--Despite signs indicating an upswing in the economy, the position of Yugoslavs working temporarily in Western European countries is worsening and their unemployment is on an increase. It may be expected that the indicated legal measures in a majority of them will speed up the homecoming of such workers, Dr Djordje Jakovljevic, president of the Yugoslav Federal Committee for Labour, Public Health and Social Security, has told his press conference. From among 600,000 Yugoslav workers abroad, every tenth is jobless now. Their departures from Yugoslavia have not ceased altogether, however. In the first 6 months this year, 6,237 Yugoslavs got their jobs in the organized manner, seasonal jobs for the most part. In the past 10 years about 620,000 Yugoslavs who temporarily worked abroad have come home. Some 500,000 of them have found their new jobs in Yugoslavia. Negotiations with the European Councils Reintegration Fund are nearing their end, Dr Jakovljevic announced. If Yugoslavia is given the status of the funds associated member, it will have prospects for being approved 30 or so million dollars in credits at easy terms a year. This fund finances an increase in employment in the economically underdeveloped and markedly migrant regions. [Text] [Belgrade TANJUG in English 0013 GMT 25 Sep 85]

ROMANIAN COMMODITY EXCHANGE--Belgrade, 25 Sep (TANJUG)--Yugoslav-Romanian commodity exchanges from January to end August this year were valued at some 153,4 million dollars in both ways, or about 7 percent more than in the corresponding period last year. Bilateral exchanges in 1985 were planned to total some 443 million dollars, but in all probability the target will not be reached. The Yugoslav Chamber of the Economy section for Romania ascribes the failure to the plan being too ambitious and to difficulties being faced by both sides. Yugoslav and Romanian economic representatives assess the commodity exchanges in the coming 5-year period could increase and in 1990 reach the value of some 2.3 billion dollars in both ways. Raw material and semi-manufactures account for the bulk of items in bilateral exchanges, the central place being occupied by petrochemical products. [Text] [Belgrade TANJUG in English 0019 GMT 25 Sep 85]

PRICE INCREASES--Belgrade, 23 Sep (TANJUG)--The Yugoslav Government has decided to raise the sales tax on some goods, and in this way [obtain] an additional 18.2 billion dinars in federal budget revenues. The decision takes effect at midnight today. Explaining the decision, Yugoslav Finance Secretary Vlado Klemencic stated this evening that the tax increases will

affect the costs of living by about 1.5 percent, and retail prices by about 2 percent. As of tomorrow, Yugoslavs will be paying new, higher prices for tobacco products, alcoholic and soft beverages, mineral and soda water, and ethanol. The prices of automobiles, some perfumes and other cosmetic products leader, fur, articles of gold and other precious metals, decorative articles, boat engines, watches, precious stones, pearls, crystalware, and coffee will also go up as of midnight. Smokers, as it seems, will be the most heavily affected since the retail prices of cigarettes will go up 59 percent. The prices of automobiles, depending on capacity, will go up between 2 and 15 percent. The sales tax on coffee will go up from 80 percent to 100 percent. Through these latest price increases and other measures the federal budget is to be raised by a total of (?80.6) zillion [as received] dinars. [Belgrade TANJUG in English 2110 GMT 23 Sep 85]

ECONOMIC COOPERATION WITH YAR--Belgrade, 12 Sep (TANJUG)--Amended minutes on talks between government delegations of Yugoslavia and the Yemen Arab Republic were signed today in Belgrade. The minutes set down possibilities for expanding the two countries economic cooperation, particularly by carrying out projects in Yemen in the field of agriculture, electrification, irrigation and food industry. Federal Committee for Energy and Industry President Rade Pavlovic signed the minutes on behalf of the Yugoslav Government and Yemen Minister of Economy and Industry A.K. Barakat signed the minutes on behalf of the government of the Arab Republic of Yemen. [Text] [Belgrade TANJUG in English 1519 GMT 12 Sep 85]

MONTENEGRO ASSEMBLY ON LOSSES--Titograd, 24 Sep (TANJUG)--Facing the fact that in addition to the 10,235,000,000 dinars of losses that the associated labor organizations in the economy of Montenegro suffered during the first half of this year there are still about approximately 4 billion dinars of losses incurred last year and during the preceding years which have not yet been "covered," the delegates of the Montenegrin Assembly approved today a package of measures and activities submitted to them by the Republican Executive Council so that the commitments implicit in the law concerning the improvement of financial viability may be implemented more consistently. This document envisages the adoption of financial viability improvement measures only in the case of those associated labor organizations in which it can be established that the application of measures will enable them to pursue profitable economic activities. This means eliminating production that has no economic prospects. The delegates also approved today draft laws on health protection and insurance and on employment which propose much more rational and organized operations in these spheres. [Text] [Belgrade TANJUG Domestic Service in Serbo-Croatian 1203 GMT 24 Sep 85]

AVIATION FUEL SHORTAGE--Belgrade, 20 Sep (TANJUG)--According to Yugoslav Airlines [JAT] operations center all its flights today from and to Ljubljana have been cancelled. This follows a message received from Ljubljana airport and the aviation fuel supplier, Petrol, that they have run out of aviation fuel. JAT has therefore decided to cancel all its flights from Belgrade to Ljubljana and from Ljubljana to Split and Ohrid.

Flights from Zurich and London to Ljubljana will be diverted to Zagreb airport. JAT has also been informed that some aviation fuel will be available tomorrow. [Text] [Belgrade TANJUG Domestic Service in Serbo-Croatian 1425 GMT 20 Sep 85]

VRHOVEC AT ZAGREB FAIR--Zagreb, 20 Sep (TANJUG)--Josip Vrhovec, member of the SFRY Presidency, today visited the Zagreb Autumn International Fair, the largest Yugoslav economic show and one of the leading fairs of this kind in the world. A total of 3,215 exhibitors from 66 countries are participating in the fair. Josip Vrhovec looked with interest at several exhibition pavillions of Yugoslav and foreign exhibitors and held talks with the representatives of the Zagreb fair. [Text] [Belgrade TANJUG Domestic Service in Serbo-Croatian 1258 GMT 20 Sep 85]

FOOTWEAR FOR SOVIET MARKET--Belgrade, 19 Sep (TANJUG)--Yugoslav footwear manufacturers delivered 12,449,000 pairs of leather footwear to the Soviet market in the January-August period. The deliveries were made through the Belgrade-based Centrotekstil Enterprise. Another 4,692,000 pairs will be delivered to the Soviet market by the end of the year, thus fully carrying out the contract on the delivery of 17,141,000 pair of footwear. Talks are currently underway for an additional delivery of about 3 million pairs. Next year, Yugoslav footwear manufacturers plan to export about 14 million pairs of leather footwear, 3 million PVC and rubber footwear, and 2 million of pairs of polyurethane soles to the Soviet Union. Under the commodity list for 1986, partners from the two countries will for the first time include joint production in the shoe manufacturing industry. [Text] [Belgrade TANJUG in English 0028 GMT 19 Sep 85]

POLISH TRADE--Zagreb, 20 Sep (TANJUG)--The volume of Yugoslav-Polish trade is constantly increasing, its value last year reaching 720 million dollars, which is 20 percent higher than in 1983. This year, its value will reach 780 million dollars, as set out at a press conference on Poland's participation at the Zagreb autumn fair. Raw materials, semi-finished products, machinery and equipment account for 85 percent of the trade between the two countries. In addition to expanding cooperation in these fields, possibilities exist also for developing cooperation in food production, transport and tourism, it was noted at the press conference. [Text] [Belgrade TANJUG in English 0630 GMT 20 Sep 85]

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